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The Emergence of the Scottish Economic Imaginary

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degree of Doctor of Philosophy

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Declaration

I declare:

(a) that I composed this thesis;

(b) that the work is my own;

(c) that the work has not been submitted for any other degree or professional qualification except as specified.

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Abstract

Scotland's economic capacity to prosper independently of Britain has become a key political issue, dominating the independence referendum of 2014 and continuing to influence British politics since. Often, that debate centres on the contested terms of how we imagine or construct Scotland as an economic entity. Thus, it offers a major opportunity to study the broader issue in critical social science of how economies are "imagined". However, to date most studies of Scotland's economy comes from the discipline of economics or from the policy profession. This study aims to address this gap. It highlights the comparatively recent history of professional interest in the Scottish economy; asks what these professionals are "doing" or "constructing"; and looks at how this influences Scotland's conformity with and deviance from mainstream British politics. Using Jessop's concept of "economic imaginary", and drawing on cultural political economy, I thus examine the current Scottish economic debate's conditions of possibility. These include the emergence of British regional policy, the discovery of North Sea oil, discourses of competitive regions in Europe and the elective affinities between devolution and "enterprise". I pay particular attention to a general shift in attitudes away from top-down plans to equalise growth across Britain to a focus on the "spirit" of enterprising regions. My research used critical discourse analysis to analyse 100 key documents that played important roles in or highlight key issues in Scottish economic development. I also drew on 23 in-depth semi-structured interviews with professionals and journalists. My original contribution is to examine the path-shaping role of Scotland's economic imaginary, how choices were made and how alternative paths were closed off. By looking at one contested case, we can gain insights into broader imaginative processes in national and regional economies.

List of Abbreviations

AJS = A Just Scotland

ANT = Actor Network Theory

BNOC = British National Oil Corporation

BP = British Petroleum

CBI = Confederation of British Industry

CDA = Critical Discourse Analysis

DTI = Department of Trade and Industry

EC = European Community

EEC = European Economic Community

EU = European Union

FCO = Foreign & Commonwealth Office

FSSG = Financial Services Strategy Group

GDP = Gross Domestic Product

GEM = Global Entrepreneurship Monitor

GERS = Government Expenditure and Revenue Scotland

GVA = Gross Value Added

HBOS = Halifax Bank of Scotland

HIDB = Highlands & Islands Development Board

ILP = Independent Labour Party

IMF = International Monetary Fund

IRI = Istituto per la Ricostruzione Industriale

LIS = Locate in Scotland

MMC = Monopoly and Mergers Commission

MP = Member of Parliament

MSP = Member of Scottish Parliament

OECD = Organisation for Economic Co-operation and Development

ONS = Office for National Statistics

OPEC = Organization of the Petroleum Exporting Countries

RBS = Royal Bank of Scotland

RMT = National Union of Rail, Maritime and Transport Workers

RT = Regulation Theory

RUK = Rest of United Kingdom

SCDI = Scottish Council (Development and Industry)

SDA = Scottish Development Agency

SDI = Scottish Development International

SE = Scottish Enterprise

SEC = Scottish Economic Committee

SIMD = Scottish Index of Multiple Deprivation

SNP = Scottish National Party

SSP = Scottish Socialist Party

STUC = Scottish Trades Union Congress

UCS = Upper Clyde Shipbuilders

UKCS = United Kingdom Continental Shelf

UKIP = United Kingdom Independence Party

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Chapter 1: Introduction

1.1 Purpose

This study analyses the different ways in which actors have “imagined” Scotland’s economy concentrating on the years between 1971 and 2016. The object of research is the “economic imaginary”, with the latter term being used by Jessop and others to refer to “semiotic systems that frame individual subjects’ lived experience of an inordinately complex world and/or guide collective calculation about that world” (Jessop, 2013: 236). I believe this concept will help us to understand how Scotland’s increasing convergence with the UK economy, and the decline of a specifically Scottish capitalist leadership, have coincided with a deepening awareness of Scotland as an economic unit. This case study can also add to our knowledge in the broader field of “cultural political economy”, which looks at how the “lifeworld” of social actors influences the economic system (Sayer, 2001). Scotland illustrates central questions in this research school, especially the issue of the conditions under which “the economy” gains general ideological acceptance in a specific setting. The notion of Scotland as a separate economy is a recent one, and a peculiar one, since interest in Scotland in these terms grew just as Scotland’s specific economic structures seemed to weaken beyond recognition. I aim to investigate how these trends might be connected.

My study involves critical discourse analysis of roughly 100¹ texts and 23 interviews, and its data is presented in six parts. First, I analyse the background to Scotland’s current economic imaginary in British regional policy. The next three chapters look at how North Sea oil revenues shifted debates about (under)development and public spending; at discourses of Scotland as a European nation in a European market; and at how class has influenced

¹ The bibliography is divided into primary and secondary sources, with more than 100 listed as “primary”. However, the line between the two types is sometimes difficult to maintain, since this study is often an analysis of academic ideas which form the “primary” data but may also be cited in a secondary sense.

Scotland's economic imagination. Each of these sections considers the Scottish dimension to the confusion that follows the global crisis of the 1970s and the rise of neoliberalism. The fifth part examines the new stability and apparent political convergence in 1990s Scotland under the banners of "enterprise" and "devolution". Last, I examine the extent to which the financial crisis of 2007-8 and the aftermath of the Scottish independence referendum have legitimised outright nationalism as an official part of imagining Scotland's economic future.

1.2 The Need for Research

This will be one of the first large-scale empirical studies to use Jessop's distinction between the economic imaginary and the "actually existing economy". It is also among the first sizeable sociological studies of the Scottish economy for several decades. Most research in that tradition concentrates on the last days of "Scottish industry", while some have charted the politics of the new 1990s consensus built around service goods and "enterprising" government. I aim to draw connections between both phases. The Literature Review, Chapter 3, covers these gaps in depth. In this section, I will sketch when and how professionals and politicians began to speak of Scotland as an "economy".

The Scottish economy is a historically modern, even "recent" concept. To illustrate this, we can trace the virtual absence of direct references to the term until well into the post-War era. A search of the *Scotsman* archives from 1817 to 1950 shows almost no mentions of "Scottish economy" or "the Scottish economy" before the late 1940s. In the 1930s, when economic news dominated the global agenda, the phrase only arises *nine* times and applies in a modern sense only once, when it is argued that more military contracts "would help considerably *to achieve a sound equilibrium in the Scottish economy*" (my italics). The word economy is more often used in its now antiquated sense of savings or thrift: e.g. "he chose his words with considerable economy".

A search of 200,000 UK Parliamentary papers, Hansard debates and written answers (<http://parlipapers.chadwyck.co.uk/>) published from 1688 to the present reveals a similar pattern. The phrase “Scottish economy” arises only four times before 1945, and only two of these cases are using the term in a recognisably modern sense. By the 1960s, the concept had far greater currency (see figure 1), being mentioned in fifteen documents or debates in the 1960/61 session alone. It grew dramatically in the late-sixties as advances in ideas of regional planning posed critical questions about Scotland’s perceived economic backwardness. The discovery of North Sea oil and the rise of Scottish nationalism created new peaks in the early and mid-1970s. Deindustrialisation and inward investment together with renewed momentum for devolution again brought the term to prominence in the 1980s. A serious fall-away occurs after 1999, since many economic powers and responsibilities were delegated to the Scottish Parliament and thus the Westminster parliament took less direct interest in the topic. However, I aim to show that this change in the political *imagination* of economic policy only partly reflects the underlying reality. Westminster continued to exercise significant control over key areas concerning the top firms and structures of the actually-existing Scottish economy, such as energy and financial regulation. Nonetheless, the *discourse* of Scotland’s economy shifted to the devolved Parliament, and that highlighted a new set of assumptions about government’s role within the economy.

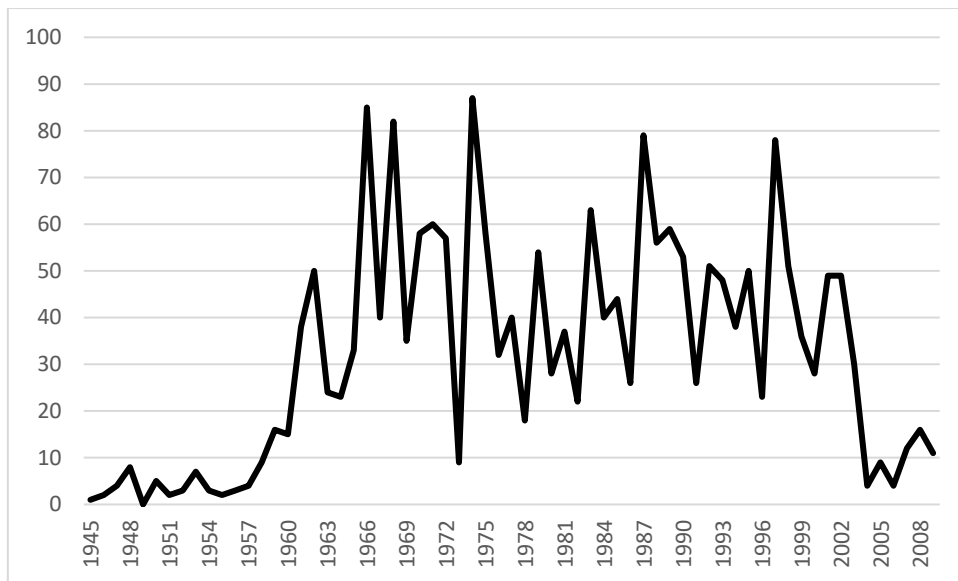


Figure 1: Number of mentions of the term “Scottish economy” in Parliamentary papers, answers and debates (source: <http://parlipapers.chadwyck.co.uk/>)

Admittedly in mechanical, crudely quantitative terms, these statistics illustrate a concept with a definite and perhaps surprisingly recent history. However, this finding is not necessarily unique to Scotland. In general, “the economy” – by which we usually mean the national economy – as a specific object of discourse also has a distinct history, and is by no means a natural unit of analysis. Curiously, sociologists have spent far less time demystifying this notion than other shibboleths like “the nation”, “community”, “class” and “the family”. Partly this reflects a persistent myth that “the economy” is more ancient than these nineteenth century constructs, but as Mitchell notes, “no economist before the 1930s referred to an object called the economy” (Mitchell, 2008: 1116). Indeed, “far from being older than modern social theory, the concept of the economy is much younger” (Mitchell, 1998: 84). Alfred Marshall’s *Principles of Economics* (2009), for example, perhaps the founding textbook of modern economics, refers to a “money economy” and a “primitive economy” and refers to “economies” in the sense of savings, but never uses the modern concept we take for granted today when we speak about the national economy or the world economy. Radice traces discourses of aggregate economies to Keynes, arguing that his specific contribution was the ability to “make theoretical propositions about economies defined empirically in geopolitical terms” (Radice, 1984: 122). The technologies and models for such

a discourse were lacking in the world's leading economies, never mind the poorer ones. Even as World War II began, Keynes complained about the failure of British officials to construct the economy for statistical purposes: "Every government since the last war has been unscientific and obscurantist, and has regarded the collection of essential facts as a waste of money" (Keynes, 2010: 381). Karabell, an economic historian, notes the importance of statistics in the "inventing" the national economy:

Before there were metrics and indicators, "the economy" didn't exist. No, economic activity wasn't invented in the middle of the twentieth century. But this thing called "the economy" was. Until the 1940s, there was no "the economy." People did not use the term and they had only just begun to think of the material affairs of a nation as a coherent and cohesive subject that could be defined, measured, and tracked over time (Karabell, 2014: 78).

Admittedly, academics, amateurs and policy advisors since William Petty in the seventeenth century had tried to measure the "national wealth" of rival world powers. These studies were largely intended as guides to strengthening and improving the policies of sovereign states, with the debate between mercantilism and Adam Smith's model of free trade being an example of this. However, until the late nineteenth century, the current perspective on what "counts" as wealth had not emerged. Economists before Marshall, for instance, working in Smith's tradition of the labour theory of value, tended only to count "productive" labour and not "unproductive" service work (Coyle, 2015: 11-2). If this tradition continued, assessments of our current, service-oriented economies would look decidedly different. The first codified approaches with anything approaching current assumptions begin in America and Britain in the 1920s and 1930s by Simon Kuznets and Colin Clark respectively. But this took a decade or two to gain popular legitimacy with governments worldwide, and was not fully embraced until post-War states, seeking development aid from the World Bank, had to present their "needs" in objective, comparable terms (Coyle, 2015: 32). Even as politicians and professionals reached a statistical consensus, they still debated what counted as "productive" in ideological terms.

Kuznets, for example, actively resisted the idea that government spending should be included in GDP because he considered it unproductive, and he only relented under heavy pressure (Mahsood, 2016).

Even when these official measures and codes have emerged and spread across the world, the ideological meaning of “the economy” is still capable of changing significantly. Keynes and his successors belonged to a set of moderate liberal critics who wanted to save capitalism from itself after the Great Depression. Measurements of national economies “as a whole” implied a New Deal-style perspective which assumed both the superiority of capitalism and its inherent dangers if left to itself. Today, the phrase “the economy” has taken on a different meaning. Media reports often argue that the political left and even the centre-left “aren’t trusted on the economy”. Here, the economy is imagined as imperilled by the temptations of politicians seeking votes by “meddling” in private decision making. Ex-Labour leader Ed Miliband’s warnings to “fat cat” energy companies have thus been cited as evidence that Labour “cannot be trusted on the economy” and have been presented as a “setback” to their “enterprise credentials” (Coates and Aldrick, 2014; The Financial Times, 2013). This shows the flexibility of the concept and how it evolves as power relations between classes change. Previously, enlightened political leaders and technocrats had sought to save the principle of private enterprise by putting restraints on monopoly firms and rentiers. Today such limits are posed as dangers from which the economy must be saved.

So this idea, “the economy”, has a definite history that changes over time. Scotland, therefore, is not abnormal; on the contrary, Scotland is typical, since the intellectual tools that define national economies only emerged in recent generations.

Scotland, though, is a particular, thorny case that can help us understand some recent trends in thinking about “national” economies. A professional interest in Scotland’s economy arrived later than in official nation states because Scotland was mostly treated as a

“regional” problem within the United Kingdom. Indeed, for statistical and theoretical purposes, Scotland’s economy had barely emerged until the 1960s. Generally speaking, until then government action targeted *parts of Scotland* that suffered the worst unemployment (see chapter 4). Only at a late stage did a consensus emerge to treat Scotland as one inclusive region incorporating “growth areas” and unemployment “black spots” together. Discourse on the Scottish economy “takes off” and, according to the above analysis, peaks during the 1970s crisis of capitalism. The most discussed features of that period were oil (discussed here in chapter 5), accession to the European Economic Community (chapter 6) and class struggles in British industry (chapter 7). I follow other researchers in seeing this post-OPEC crisis as crucial in all national economic discourses, particularly in allowing “the economy” to assume new, important connotations. However, in Scotland it produced a particular set of problems, due to the sudden discovery of oil and the equally sudden onset of fatal industrial failure that resulted in record unemployment. That coincided with the beginning of a shift in discourses of regions which also helped in conceiving Scotland as an economic unit in new ways. Instead of “national” managerial responsibility, centred on London, recent economic management has pushed greater liability for unemployment and poverty downwards onto local state managers. In Scotland, this emerged in two phases, one concentrated on attracting inward investment, and a second concentrated on promoting grassroots business start-ups (see chapter 8).

Paradoxically, discourse about Scotland’s economy explodes just as Scotland’s most distinctive economic features collapsed. The specifically Scottish ruling class bloc who had dominated Scottish centre-right politics and who had previously sought to voice Scotland’s economic interest finally splintered in the 1970s. Many established firms went bankrupt or were subject to external takeover. Moreover, branch plants in light engineering that had been designed to modernise Scottish manufacturing fell victim to this trend in the 1980s and 1990s, as did the crowning moment of this project, the Ravenscraig steel strip mill. It became increasingly difficult to identify a distinct Scottish class who owned the top companies in Scotland. Scotland’s industrial structure has also come into line with British norms. Although the stereotypes of “industrial Glasgow” persist, the “real” Glasgow today thus has

a lower than average proportion of manufacturing jobs (Oxford Economics, 2014: 11-2): indeed, for decades, Glasgow has been a retail-focused economy. Meanwhile, incomes in Scotland are nearly identical with United Kingdom averages (SPICE, 2015). Therefore, as Keating observes, “Just as the growth of a Scottish political consciousness cannot be explained by distinct values or culture, so also the concern with a ‘Scottish economy’ cannot be explained by a distinctive form of Scottish capitalism or productive structure” (2009: 51). Or rather, if anything, interest in the “Scottish economy” reflects the political anxieties and strains created by Scotland’s growing economic convergence.

Indeed, looking at Scotland’s objective trends, for decades many of the country’s most measured academics inferred that it would become increasingly difficult to speak of a clear-cut Scottish economy. “Scotland’s economy is losing its distinctiveness...[and] Scotland is becoming simply a ‘region’”, John Scott (1983: 173) observed in 1983. “Given the interdependence of Scottish economic activity with the rest of the UK and the degree of internationalization, it is simplistic to talk in terms of a distinctive ‘Scottish economy’”, Moore and Booth (1989: 82) argued. Even as late as 1999 and devolution, Jeremy Peat and Stephen Boyle (1999: 1) were questioning whether a distinct Scottish economy exists. Scotland’s “instant post-industrialisation” (Harvie, 1993: 164) in the 1980s left little of a distinctly Scottish capitalist class, with a high degree of external ownership and economic integration into a UK and to a lesser extent European economy. Nonetheless, while much of what was once defended as the “Scottish economy” has collapsed or weakened beyond recognition, interest in Scotland as a distinct economic unit has intensified. As previous authors have noted, the Scottish economy started to gain its coherence more in the policy imagination than in a definite set of identifiably Scottish business relationships (Moore and Booth, 1989: 64; Lythe and Majmudar, 1982).

We could explain this as a cultural nationalist intrusion into a rational economic debate, but this would be at best a one-sided interpretation of the two-way relationship between nationalism and economics in Scotland. Scottish nationalism has largely been defined – and debated – as an economic project by supporters and critics alike. More than counterparts in

other countries, Scottish nationalists insist on defining their values in pragmatic, instrumental terms and often deny that their goals are “existential”, ethnic or even cultural. “The fact of nationhood or Scottish identity is not the motive force for independence”, SNP First Minister Nicola Sturgeon has argued. “Nor do I believe that independence, however desirable, is essential for the preservation of Scottish identity” (Sturgeon, 2012). Scottish nationalism attracts its support by promising to “solve” a distinctly Scottish economic problem, yet, equally, economics is seen as the underlying weak area of or limitation on Scottish nationalism. The Scottish economy is claimed by opponents as well as proponents of independence. Cases for retaining the Union increasingly have concentrated on the risks posed to the Scottish economy, and thus imply a “unionist” imagination of that object.

Scottish nationalism’s relationship to economic performance is thus superficially obvious, but difficult to pin down. To take an everyday example, when the television reports “bad news” about Scotland’s economy – say, a big factory closure – does this build the case for Scottish independence or weaken it? It could highlight Scotland’s inability to survive without support from elsewhere; or it could prove the need for “more economic power” to provide new jobs or prevent future closures. Public attitudes to these questions will partly depend on political and cultural negotiation. The same is true of unemployment figures or, for that matter, of “good news” about Scotland’s economy. This highlights a general point: the political result of “economic” events will partly depend on narration and discourses surrounding the economy, and these results, in turn, can influence the actual direction of the economy. However, these discourses do not exist in isolation and they will eventually collide with real economic facts, i.e. a crisis; and where ruling norms fail to achieve stability and growth they are always liable to challenge.

Interest in and identification with the Scottish economy is not simply a product of United Kingdom devolution either. Or, put more accurately, devolution involved an “imagining” of Scotland’s economy in a particular sense. The biggest economic interests in Scotland, the banks, financial houses and energy companies, remained under UK regulation, as did monetary and fiscal policy and immigration. Scotland also had responsibility for spending

its budget without any corresponding duty to raise it thanks to the Barnett Formula. Yet while the devolved parliament had few traditional economic powers, it came to dominate Scottish economic discourse. As Chapter 8 shows, this reflected a broader move across capitalism where the established powers of nation states seemed to matter less in promoting economic development. Neil Davidson (2010b) has noted devolution's strong elective affinities with the neoliberal project of reducing the scope for and responsibilities of government intervention. However, Scotland's situation is complicated, because government's "size" grew after devolution. This makes it important to recognise that neoliberalism is not simply about replacing the state with "the economy", but rather involves using state power to generalise "economic" logic throughout society, and I will examine precisely how this happened in Scotland.

To explain these issues in theoretical terms, I have drawn on Bob Jessop's distinction between the "actually existing economy" and the "economic imaginary". The former refers to the messy, complex reality of actual economic processes. The latter "identify, privilege and seek to stabilise some economic activities from the totality of economic relations" (Jessop, 2004: 7):

Imaginaries are semiotic systems that frame individual subjects' lived experience of an inordinately complex world and/or inform collective calculation about that world. They comprise a specific configuration of genres, discourses and styles and thereby constitute the semiotic moment of a network of social practices in a given social field, institutional order, or wider social formation (Jessop, 2013: 5).

This distinction can help us in developing a deeper appreciation of some of the problems highlighted above. It allows us to avoid concluding that the Scottish economy was simply manufactured by statisticians and professionals after the War or indeed during the 1960s. Again, in objective terms this would pose problems, since it is actually easier to identify a definite "Scottish" structure of interests before the First World War than after the Second.

However, the concept also helps us to appreciate that “imaginings” are not simply accidents that exist independently in their own realm. They produce real effects and can transform economic management, leading to new roads of development and opening space for alternative politics. Equally, they can exercise a coercive, limiting influence that prevent new political opportunities until a crisis exposes the fragility in established economic perspectives.

I will suggest that the notion of Scotland as an imagined economy can contribute to an analysis of Scotland’s political crisis. Many journalists analysing current Scottish politics note the importance of “the economy” to debates about independence. However, I stress that Scottish nationalists and their opponents are not always debating precisely the same object. For example, questions of independence often hinge on whether Scotland “subsidises” Britain or whether Britain “subsidises” Scotland. These varying assessments largely amount to different ways of imagining Scotland’s relationship to oil revenues. Scottish nationalists, noting the fluctuating nature of oil prices, present Scotland’s finances within Britain over several decades. This appears to show that “Scotland” has vastly subsidised the Treasury. Equally, Scottish nationalists rely on the legal convention that would give Scotland a “geographical” share of offshore oil money (about 90 percent) rather than a population share (about 9 percent). By contrast, “unionist” opponents of the SNP will take a snapshot of one year where oil prices are low to “prove” that Scotland cannot afford independence without large tax increases or public sector cuts. They often ignore the convention where Scotland would get a “geographical” share of revenue. Which perspective is correct? The answer depends on contested assumptions, questions, and legal conventions that are beyond formally rational economic analysis.

Equally, the “Scottish economy” involves an emotional legacy of loyalty to Britain’s history. Initially, this meant the opportunities for expansion inside the markets of Empire, which, after all, inspired the Act of Union in 1707. Since 1945, however, such loyalties have often rested on the assumption that London will transfer jobs to Scotland, guarantee low unemployment and provide basic services. Paradoxically, however, Scottish nationalism can

benefit from these loyalties when parties based in London agree on cutbacks to traditional “social rights”. They can portray themselves as the best protectors of those rights by highlighting Westminster’s willingness to withdraw them.

I wish to stress two general points here, applying to the imagination of all economic spaces. First, that economic crises will resolve themselves in narrative terms, through a political and cultural process of negotiation. Second, that dominant ideas of “the economy” can be contested and often change substantially over time. Subaltern classes and parties will imagine the economy according to their own purposes. However, I would not argue that economic imagination exists in total independence from the laws, tendencies and power relations governing the “actual” economy. Although crises are narrated in and through discourse, they arise from logics internal to capitalism and the competitive structure of states. To take a concrete example, Scottish nationalism can win independence by presenting a superior “narrative” of the economy. But after independence, Scotland would face actual economic forces that will shape and limit the government’s capacity to impose the policies and ideas that won independence. The same applies to any standard national election, or to Britain’s “exit” from the European Union. The “actual” economy still exercises a coercive force. But the imagination of economies matters in particular situations, and may play a path-shaping role in directing the economic future. It thus presents a legitimate and underappreciated object for academic research.

1.3 Outlining the Research

My principal aim is thus to show that the “semiotic framing” of Scotland’s economy has a definite history, that it has changed substantially over one or two generations, and that it has some “path-shaping” effect in directing Scotland’s political, social and economic course. I have therefore focused my broad project on five questions:

- When and how did professionals begin to think of Scotland as a distinct economic entity?
- How have constructions of the Scottish economy as a discursive object shifted between the twin world crises of the 1970s and 2007/8? Have these reflected general shifts in capitalist ideology, or have they constructed a distinct strategy of adaptation?
- What conditions are necessary to sustain the idea of Scotland as a natural economic unit?
- How have classes, parties and social groups tried to constitute their own “Scottish national economy” as the dominant one, and how has this been contested?
- How have they identified, privileged and sought to stabilise some economic activities from the totality of economic relations (Jessop, 2004: 7)?

Chapter 2 outlines the study’s methodology. I drew my data from roughly one hundred documents, books and other texts published about the Scottish economy, and twenty-three interviews with people who have been responsible for administering or reporting the economy. I used the methods of critical discourse analysis to build up an idea of key themes and shifts in power relationships over the course of several decades.

Chapter 3, the literature review, concentrates on four areas. First, it defends a sociological interest in “the economy”, suggesting that a project of cultural political economy has deep roots in the discipline’s history. Second, it outlines the roots of Jessop’s approach in the history of regulation theory. Third, it looks at what alternative schools of current sociology may provide for a perspective that seeks to understand “imagined” national economies. Fourth, I aim to set this research in the tradition of critical sociological interest in Scotland.

Chapter 4 considers regional policy, the first official framework for seeking to regulate Scottish development. This pictured Scotland as a declining region defined by its unemployment, and pictured the cure as “structural change” achieved by a mixture of

centralised direction of industry and local capitalist coalition-building. In that spirit, the first efforts to statistically define and categorise Scotland's economy as a self-functioning unit took place. This approach contained two main contradictions. First, it never resolved the tension between managing unemployment and promoting capitalist growth. Although the two aims could formally coexist, they implied different perspectives on what an "economic region" means. When regional policy aimed to manage unemployment, it concentrated on areas of deprivation, "black spots", and largely ignored the more successful areas of Scotland. When it moved towards a "growth" preference, it looked at Scotland "as a whole" but concentrated on potential "growth poles", i.e. areas with a chance of success in world markets. Second, regional policy seemed to involve the politics of transferring economic growth away from London and the South East, by transplanting "high growth" industries to areas like Scotland. However, increasingly critics charged that the policies had the opposite of their intended effect. While it shifted factory building to areas like Scotland, management, ownership and service functions remained elsewhere, in London or perhaps America. By the late 1960s, Scottish capitalist leaders had begun to express disenchantment both with regional policy and with "London dominance" for these reasons.

The next three chapters considers how Scotland adapted to the crisis of the 1970s with the collapse of Bretton Woods, the growth of transnational agencies and the decline of "Keynesian" welfare norms. This crisis downgraded "national" economic management from the importance it previously held, which eventually led to the idea of Scotland as an "entrepreneurial region" with national characteristics. However, these chapters focus largely on the confusion arising where previous management norms had collapsed and new ones had yet to be invented.

Chapter 5 considers North Sea oil. It looks at how oil helped reverse or at least problematise the earlier perspective of regional policy where Scotland was "backward" and dependent on redistribution from elsewhere. Poverty and unemployment therefore began to look like potentially malleable political choices. This forms the background to the current government institutions of the Scottish economy, the SDA/Scottish Enterprise and the Barnett Formula

which gives Scotland a fixed share of UK public spending. Oil also becomes a potential ally of political agendas, both radical and mainstream, that sought to devolve more power to Scotland. However, the forces associated with oil can be deeply damaging to democracy and local power structures, and all political agendas in Scotland arguably underestimated this.

Chapter 6 focuses on the European market and how Scotland began to position itself as a region or nation within it. It suggests that Scotland's current self-image as a "European nation" defined against Eurosceptic England has shallow historical roots dating to the mid-1980s. Indeed, Scotland has a long record of ambivalence about transnational forces, with many actors seeing them as threats to what they imagined as the "Scottish economy". The current view of Scottish nationalism, and of many liberals in Britain, tends to present "openness" to the European Union as an inherently a positive trait. I suggest problems with this, showing that progressive forces often found legitimate reasons to defend "the economy" against transnational entities.

Chapter 7 considers the main perceived threat to British capitalism until the mid-1980s, working class struggles, and how this took a distinct role in Scotland's national identity. Today, this may seem like a peculiar choice of focus: does "class" have anything to do with "the economy"? However, nobody would have questioned the connection in the 1970s, and this itself is an interesting point of comparison. Partly what defines our current political-economic era, especially in Britain, is the historically abnormal low rate of strikes and official workplace conflict. "Work" therefore became divorced from economics. To bring this condition about, politicians like Margaret Thatcher and Ronald Reagan used various coercive forces to weaken the power of unions in workplaces. Yet although Scotland was bound by decisions made by Thatcher, the unions have often played a distinct imaginary role in Scotland. Often, trade union leaders have projected themselves as spokespeople for the Scottish economy with some success. This success, however, involved a sacrifice as unions moved from conflict towards national respectability.

Chapter 8 is about enterprise and devolution. The chapter will offer a distinction between positive and negative neoliberalism to cast new light on debates about how and whether Scotland turned to “neoliberal” norms after 1999. It shows that a new thematic and semiotic stability emerges in the 1990s, where Scotland’s politicians and experts begin to see a future for Scotland built around enterprising citizenship.

Chapter 9 considers ruptures and continuity with the crisis of 2008 and the Scottish independence referendum and its aftermath. It uses the framework outlined in earlier chapters to show how the economic imaginary can be both malleable and coercive.

I have not had the space to follow up every angle on this question. I am particularly disappointed not to have the space to complete a chapter on how gender has shaped the imagination of the Scottish economy. Although this theme appears at times throughout the thesis, I admit that its absence leaves issues hanging that need following up in future. Many of the intertwined themes explored here – inward investment and trade unionism, for example – are linked to assumptions about gender. Scotland’s most historically remarked-upon trade union struggles often took place in male-dominated workforces, and sometimes assumed a “male breadwinner” ideology. The role of Scottish women in workplace conflict is arguably equally as notable, but recognition of it is at an early stage (STUC Women’s Committee, 2013).

Another area that deserves study is the environment and climate change. Clearly, this is likely to form a growing part of Scotland’s political debate in future. However, considered over the course of four decades, the point of note is really the lack of interest in the environmental costs of economic growth in Scotland. Although the discovery of oil coincided with the awakening of elite and social movement interest in the “limits to growth”, references to the carbon costs of an oil economy are almost completely absent in Scotland. When parties turned to neoliberal models of development in the 1990s, green issues similarly found themselves submerged under the consensus for competitive growth.

Compared to elsewhere in Northern Europe, Scotland's Green Party has been a marginal force after devolution. Even where the Scottish Government adopted the framework of "sustainable economic growth", the policy had little to do with restricting carbon emissions. None of this means that environmental consciousness has been lacking in Scotland. Rather, green issues found themselves "framed out" of economic imagination, even though the economic system was unquestionable partly or even wholly responsible for the climate crisis. Green economics has tended to refer, in Scotland, to the profits that can be made from green energy. Environmental protest has concentrated on "non-economic" areas like nuclear weapons.

In a study of this size, I had to make difficult choices about what to include, and I deliberately focused on areas I saw as being neglected in recent Scottish sociology (see section 3.4). One general principle I draw from regulation theory is that crises are often moments for an outpouring of discourse about meaning, opening possibilities for new directions. Bryan Turner also promotes this idea, in slightly broader terms, referring to the conditions for public intellectuals and ideological innovation (Turner, 2006). I have chosen, therefore, to focus on the period between two major crises, the 1970s crisis of Keynesianism and the post-2007 crisis of neoliberalism. These crises coincided with the creation or invention of important institutions that have proved essential to defining Scotland as an economic space. My focus, therefore, is on the emergence of "conditions of possibility". Class is, perhaps, the major oddity here, but I believe that precisely the absence of regular workplace conflict is a defining feature of the current imagination compared to the 1970s. Without recognising this, it becomes difficult to explain the specificity of the current political conjuncture, where furious, bitterly-fought politics reinforces the inevitability of neoliberal capitalism.

Chapter 2: Methodology

2.1: Introduction

Given my overall research aims, I drew my data from documents connected to the Scottish economy and semi-structured interviews with journalists, politicians, and policy-makers in the field. In total, I analysed around one hundred texts and interviewed 23 professionals at length. Critical discourse analysis (CDA) offered the tools to break down these texts and link them to the practices of “making” the Scottish economy. I will fully address CDA’s advantages in this chapter, but, perhaps most crucially, I chose this approach – which is partly a “method” and partly a “theory” of language – because it explicitly developed in partnership with my main theoretical influences. Indeed, Fairclough, one of the method’s main spokespeople, has worked closely with Jessop in developing a common agenda of cultural political economy. Together they aim to understand how *semiosis* – the “intersubjective production of meaning” – can help reproduce or resist economic and political inequality (Fairclough, Jessop et al., 2004: 23). Ontologically, Fairclough’s approach also shares with my main theories a background in critical realism (Danermark, Ekstrom et al., 2002; Bhaskar, 2009; Collier, 1994; Fairclough, Jessop et al., 2004). That perspective on science is crucial in distancing our approach from rival forms of CDA which promote a “soft” cultural sociology of economics (Jessop and Oosterlynck, 2008; Fairclough and Graham, 2002). Although I have not adopted critical realism in a sectarian fashion, and researchers taking opposing views on the philosophy of science easily pick up on my findings, I mention these decisions because they sometimes affect my method of study and my presentation of results.

My choice of methods, therefore, is deliberately connected to my theoretical outline, and reflects an existing research programme which I aim to contribute towards. These are reflected in my research questions, which I will repeat:

- When and how did professionals begin to think of Scotland as a distinct economic entity?
- How have constructions of the Scottish economy as a discursive object shifted between the twin world crises of the 1970s and 2007/8? Have these reflected general shifts in capitalist ideology, or have they constructed a distinct strategy of adaptation?
- What conditions are necessary to sustain the idea of Scotland as a natural economic unit?
- How have classes, parties and social groups tried to constitute their own “Scottish national economy” as the dominant one, and how has this been contested?
- How have they identified, privileged and sought to stabilise some economic activities from the totality of economic relations (Jessop, 2004: 7)?

Section 2.2 explains CDA as a method of analysis, and illustrates its method with an example taken from my chapter on Scotland as a regional problem. Section 2.3 considers the “specifics” of how I undertook the research, looking at sampling and data, the practicalities of document research, the reasons for conducting interviews, and the tools of analysis. Although it might seem counterintuitive to start with the mode of analysis before the question of data collection, I have presented things in this order because the theory behind CDA influenced how I went about collecting data.

2.2: Critical Discourse Analysis

A discourse, in the specialist sense of social science, means “a group of statements which provide a language for talking about – i.e. a way of representing – a particular kind of knowledge about a topic” (Hall, 2006: 165). Unlike other qualitative researchers, discourse analysts do not see texts as sources of evidence which represent a transparent reality. Generally, they recognise that texts play some role in “producing” the reality of objects. Discourse analysis of all varieties thus forms a theoretical stance on language as well as a

“method”. However, there are varying strands of discourse analysis in the social sciences. The most famous is associated with Michel Foucault and concerns the “rules of formation” that make objects possible and that also constitute subjects. Researchers have tried to refine Foucault’s ambivalent works into a distinct method of analysis (e.g. Kendall and Wickham, 1998; Bastalich, 2009). But although Foucault’s writings have influenced all studies in this field, his approach is not compatible with the (critical) realist stance developed here (see Fairclough, 1992: 37-61). So while our approach might overlap with Foucault on some topics, e.g. neoliberalism as defined in chapter 8 (Springer, 2012; Dardot and Laval, 2014), this does not reflect a deliberate imitation of his method or his ontology. The same is true of other approaches to discourse, such as conversation analysis, which focuses on psychological features of speech, or on listing the different features of rhetoric (Schegloff, 1997; Billig, 1999b; Billig, 1999a). I rejected conversation analysis because it assumes a basic equality of power relations, while this study assumes that communication reflects and helps to produce inequality.

My study developed under the primary influence of critical discourse analysis (CDA). CDA is both a theoretical stance on language (and, more broadly, “semiosis”) and a method for analysing communication. The first feature that sets it apart is its object: rather than aiming to contribute to knowledge of discourse as such, “it is primarily interested and motivated by pressing social issues, which it hopes to better understand through discourse analysis” (Van Dijk, 1993: 252). Discourse analysis is a means towards the end of a deeper understanding of the social problem. CDA is also explicitly political and concerned with unmasking power relations. The politics behind language is assumed from the beginning; it is not simply discovered as an accidental by-product of reading texts (Meyer, 2001). CDA starts by identifying a social problem, takes the side of those suffering from it, and critically examines the activities of people who have influence over these issues (Richardson, 2006). This overt stance reflects its lineage in Western Marxism and critical theory. For some, this constitutes a weakness – a departure from value-free science – while others consider it a strength; these views largely reflect general stances on the politics of epistemology. As I will explain in section 2.3.5, my political aims here are complex: I do not intend to present evidence for or

against Scottish independence, for example. Instead, I am interested in how radical turbulence, the debate on independence being one example, can reinforce both the power of dominant groups and the aura of inevitability surrounding capitalism.

What does CDA specifically claim about the reality of discourse? For Fairclough, its chief theorist, discourse is both *constitutive* and *functional* (Hjelm, 2014; Fairclough, 1992: 3-4). Discourse is *constitutive* because language does more than reflect objects “out there”; it also *constructs* them. Social identities, social relationships, and systems of knowledge and belief are all constituted in discourse (Hjelm, 2014: 227). Ideas of enterprising citizenship, for example, create a new role for individuals and a new relationship between themselves, the “community”, and government. They equally establish a distinct stance on economic problems, which are presented in terms of their psychological nature, rooted in pathologies which are both social and individual. It follows that responsibility for creating jobs cannot be “government’s alone”, but falls back on individuals and the cultural attitudes of communities; however, government gains new responsibilities in producing the dispositions of flexibility that allow enterprises to thrive. Discourse is functional because it does things. In particular, it helps reproduce the social order, and under certain circumstances may contribute to its critique. These critiques, in turn, can help bring about new social orders or more advanced forms of the current social order: indeed, Boltanski and Chiapello (2003) show, for example, that anti-capitalist critique often assists in *renewing the spirit of capitalism*.

2.2.1 Example: Scotland as Regional Policy Using Fairclough’s Toolkit

While other qualitative methods, especially those with a positivist or “quasi-quantitative” dimension such as content analysis, have clear rules governing the analytical relation between data, sample, and concepts, it has not always been clear how to relate CDA to concrete research. Responding to this perceived weakness, Fairclough offers the following analytical framework for relating social problems to discourse:

1. Focus on a social problem with a semiotic aspect
2. Identify obstacles to it being tackled, through analysis of:
 - a. The network of practices it is located within;
 - b. The relationship of semiosis to other elements within the particular practice(s) concerned
 - c. The discourse (the semiosis itself)
 - i. Structural analysis: the order of discourse
 - ii. Interactional analysis
 - iii. Interdiscursive analysis
 - iv. Linguistic and semiotic analysis
3. Consider whether the social order (network of practices) in a sense “needs” the problem.
4. Identify possible ways past the obstacles.
5. Reflect critically on the analysis (1-4) (Fairclough, 2001).

Here, for illustrative purposes, I want to briefly indicate how this applies in my approach to chapter 4.

1. Focus upon a social problem which has a semiotic aspect

The problem was Scotland’s growing economic weakness compared to England and other North European economies. This appeared to reflect imperial decline, as Scotland’s industrial profile closely mirrored the technologies and markets of Britain’s Empire. Early analyses conceived it as a question of “structure”: Scotland’s growth lagged because its areas of strength were growing slower in world terms than other sectors. They therefore sought to transplant inward investments in high growth sectors into the Scottish economy. New towns formed part of this strategy, as they aimed to shift labour away from “undesirable” regions associated with environmental problems and trade union militancy. This approach received qualified support from Scotland’s industrial bourgeoisie, who dominated the policy response, and from independent experts, many of them connected with the Labour Party.

2. Identify obstacles to it being tackled

Although Scotland's industrial bourgeoisie broadly welcomed the strategy, their political influence over development remained a problem. They had a longstanding commitment to low wages and limited investment in machinery, and their participation was usually pre-emptive, a means to head-off government intervention. Scottish business owners often took regional subsidies and used them to hold down wages rather than to invest. Much investment flowed overseas. Regional policy had to work through as well as around this established network. Meanwhile, the London-centred approach to nationalisation transferred economic decision making away from Scotland. In some cases, this weakened Scotland's bourgeoisie, but it did not strengthen rival forces within Scotland. In general, workers adopted a defensive stance towards new machinery and infringements on craft privileges, since most changes had been imposed by industrialists aiming to hold down wages. Radical state intervention was only possible on Scotland's Highland periphery.

The semiosis of "regional policy" thus contained built-in assumptions. Solutions came from the top down, reflecting the dominance of UK and increasingly American capital. Radical changes like nationalisation did not always alter power relations in fundamental ways. And the established network around Scotland's politically powerful industrialists tended to speak for the "regional interest" with the representational regime.

If we consider writing and speaking about the Scottish economy as a "genre" in Fairclough's sense, i.e. "a relatively stable set of conventions that is associated with, and partly enacts, a socially ratified type of activity" (Fairclough, 1992: 126), then the genre is initially contained within a *network of practices*, the profit-making system of the traditional Scottish business owning families. The personnel of the first Scottish development bodies are drawn directly from this network. However, the story of regional policy is the collision of these routines with the move towards a more organised state capitalism. Alongside the traditional ideologies of *laissez faire* and imperialism that supported the Scottish business community, a

new focus on planning emerged from the labour movement, the state, and overseas competitors. Initially the main business leaders in Scotland reacted against this new discourse. But the genre of imagining the Scottish economy placed them as “national” leaders, and the growing weakness of Scottish business in world markets forces them to issue a crisis response. The discourse of planning, structural change and “light industry” was thus incorporated into their worldview as represented in official documents. To refer to Fairclough’s outline, this suggests how *semiosis is related to other practices*. A new mode of intersubjective meaning begins to emerge in the inter-war period, the set of ideas and practices that lead to the imagining of national/regional economies. This identifies new ways of tackling an identified problem, Scotland’s “structural” weakness, its bias towards slow-growing heavy industry markets. However, the mode of solving this problem emerges precisely from within the network of practices of heavy industry business-owning families. These practices often form *obstacles* to tackling the identified problems. Partly this is because these businesspeople, constituted as experts, were themselves rooted in heavy industry practices. But there are also a variety of other reasons: for example, because they were formed by the loose, extensive networks of Empire when the discourse called for intensive national/regional development. Perhaps most importantly, these businesspeople had confronted Red Clydeside and were determined to limit the scope for government intervention and trade union influence. The discourse of planning had connotations drawn from the Soviet Union as well as social democracy. Hence, in Scotland they sought to contain the idea of planning within acceptable boundaries.

With these conditions in mind, how do we “do” discourse analysis, and analyse the “semiosis itself”, the *production* of intersubjective meaning? In my reading, Fairclough’s four items – the order of discourse, interactional analysis, interdiscursive analysis, linguistic and semiotic analysis – should be collapsed into three. What he calls “interactional” analysis is misleadingly listed as an independent factor: when he actually outlines it, he uses it as a term encompassing both “interdiscursive” and “semiotic” analysis (e.g. Fairclough, 2001: 126). A looser, less linguistic interpretation of the term “interaction”, meanwhile, would be difficult to separate from the network analysis listed above. Therefore, I will examine the

remaining three items sequentially, treating interactional analysis as being a composite of interdiscursive and semiotic analysis. I will then briefly explain how I achieved this practically with a computer-assisted approach to coding.

An order of discourse means the way in which genres and discourses are networked together so as to produce a “hegemonic” effect (Fairclough, 2001: 124; Fairclough, 1992: 237-8). I reasoned that the best way to begin finding traces of this was to look at the texts produced by authority figures who were given official roles in “improving” the Scottish economy. I would then code, for instance, themes that emerge in these texts, noting how they assign positive characteristics to some groups, texts, practices or social changes and negative characteristics to others. One theme that emerged in texts written in the inter-war years was a preference for individual initiative and voluntary solutions and a sharp rejection of collectivism in general and trade union influence in workplaces in particular. However, I considered that, to fully assert moral and intellectual leadership, a “hegemonic” idea would need to incorporate rising social groups within its framework to justify their sacrifices for the sake of “the economy”. Thus, for example, the discourse of James Lithgow, a speech *Industry and Empire*, assigns a “British” national character of individualism that applies to the craft skill of the worker as well as to the entrepreneurialism of the owner. In William Weir’s speech, titled *Some Aspects of Industry and Economics*, I found a distinction between legitimate workplace grievances and the harmful activities of “outside agitators”. These passages are interesting because boundaries are being drawn between reasonable and unreasonable (or patriotic and unpatriotic) economic discourse, suggesting an attempt to define the “limits of the possible” at a conjuncture.

Crucially, though, for a discourse to become truly hegemonic, it must be durable enough to incorporate critique, so I searched the texts of political opponents to see if I could find evidence of the theme in them. This highlights the need for *interdiscursive analysis*, looking at how discourses, genres and rhetoric draw upon each other. In relation to this chapter, I wanted to highlight two things. First, how the seemingly oppositional movements in Scotland needed to draw upon the legitimacy of established discourses. The mental

framework of the British Empire, for example, was clearly hegemonic in Scotland because it forms the boundary of the economic plans of almost every Scottish group or party until the 1940s. This suggests that, economically, it was difficult to meaningfully imagine a better economic future outside of it. It also means that such movements imagined a stable future for it. Second, the way that the dominant network needed to incorporate the seemingly oppositional notion of planning to legitimise their role as national leaders. A dangerous, subversive idea with Soviet connotations thus became, in Fairclough's terms, "'domesticated' through recontextualization within different types of discourse and different genres" (2001: 133).

Fairclough advises a "functional" approach to *linguistic and semiotic analysis*, by which he means that language is shaped by the social functions it serves. A key issue here, as indicated in Fairclough's chapter, is how authoritative language helps to portray the current policy consensus or a desired change in policy as inevitable and beyond any meaningful political choice. This formed my main approach to this question. For example, in analysing the Tothill Report, I noted how the depopulation of Glasgow in favour of New Towns was projected as a hard, physical question. Here is a passage I highlighted.

Overspill from Glasgow arises from the IMPOSSIBILITY of providing houses and all the other requirements of a modern community for the people of the city within its boundaries. It springs NOT FROM ANY THEORIES OF THE OPTIMUM SIZE OF CITIES BUT FROM PHYSICAL NECESSITY: there are few virgin building sites; large areas require redevelopment to modern standards which will result in little more than half the present population being re-accommodated in these areas; no substantial extension of boundaries is possible...The NECESSITY FOR OVERSPILL HAS BEEN RECOGNISED AT LEAST SINCE THE WAR: THE CLYDE VALLEY REGIONAL ADVISORY PLAN of 1946 RECOMMENDED that bold measures should be taken to relocate the population which could not be properly accommodated within Glasgow and other overcrowded areas of the region; and the City Corporation fully concur (SCDI, 1963: 139).

This is taken directly from my notes, and I added the capital letters deliberately in the process of coding. They serve to highlight areas where language is being used to portray the inevitability of a political decision. Fairclough would note here the movement from “is” to “ought” (2001: 126), where the list of physical barriers in Glasgow (“there are few virgin building sites...”) become the “impossibility” of reform from within, leading to the policy conclusion. It refers, twice, with dispassionate academic authority to a notion of “necessity”. We may also note how, in addition to the neutral, authoritative and descriptive language, the Report adds to its authority by citing other established texts and sources of legitimation: the Clyde Valley plan and the City Corporation. These, notably, have “recognised” and “recommended” the need for change, rather than “argued” for it. Taken together, we can see how a radical proposal – depopulating a city of world importance – with strong political overtones – removing the workforce from traditional areas of workplace conflict – takes on the aura of balanced objectivity. The air of inevitability that surrounds the genre of economic texts can, with reference back to Fairclough’s checklist, form a limit on policy change, an obstacle to tackling problems.

Lastly, I want to focus on how I went about doing this practically. I used software to “code” themes and dominant ideas in texts related to the Scottish economy during the period under investigation. I outline this method of data collection and storage fully in section 2.3.4, but here I will briefly explain it in relation to semiosis in this chapter.

Clearly, an element of traditional historical “craft” and “intuition” is involved in moving from coded, themed passages to analysis and then composition. However, the software allowed me to bring greater coherence and order to this intuitive process. I established a preliminary coding structure in advance of the project, specifically creating “nodes” of themes and sub-themes as the project’s scaffolding. These included core concepts like “economic imaginary”, which I used to code passages where an author was clearly engaged

in actively “imagining” the economy with some level of self-awareness. For example, I coded the following passage from the *Toothill Report* under this label:

We have not avoided stating facts because they may be unpalatable or because we think the solution of the difficulties which they demonstrate is likely to be difficult. This may be thought unfortunate on the grounds that where we have identified weaknesses we may have made Scotland less attractive as an industrial location (SCDI, 1963: 14).

This is coded here because the authors of the report are clearly reflecting on how their “imagining” of the Scottish economy may directly impact on the region/country’s development. This “node” is part of the abstract theoretical structure of the project in its entirety. Here, I would also code my own memos, notes and reflections on the texts referring to the general purpose of my research. For example, early in the projects, I coded this memo from my own notes: “Is it possible to observe a changing focus in Scottish development discourse, from the structural to the spiritual?”

Other nodes would be more historically specific. I thus built preliminary coding structures designed to reflect themes intended for the different chapters. For example, in preparing for the regional policy chapter, I created a node labelled Keynesianism, where I would include references to Keynesianism and regional policy, such as this passage from McCrone’s book on the topic:

The problem is therefore clearly a matter of raising the rates of growth in the less prosperous regions, so that their labour reserves can be more fully utilized, migration reduced, and the income gap between them and other regions closed. In the congested regions, the primary problem is to plan the expansion in such a way as to make the best use of space, minimize the social and economic costs if congestion

and preserve the amenity of the environment. This means that some urban concentrations, such as Greater London, for example, must be prevented from further population growth and expansion must be diverted to other centres.

Again, I would also include my own notes here where they referenced the topic. For example, I coded this early note: "The term 'spatial Keynesianism' is at first rather ill-fitting, because crude adherence to Keynes' macro-level demand management arguably leads to a despatialised conception of economic space, which overrides concerns about unevenness."

As I built up a deeper picture of the topic, I could build in new themes, adjust the overall structure, and move towards a framework that would reflect the order and outline of my chapters. One advantage of NVivo, the software program I used, was to allow for coding relationships as well as themes or "nodes" (see section 2.3.4). Thus, as the project matured, I would, for example, code passages where a writer links "individualism" to the British Empire as a relationship. This allowed me to deepen my idea of how the various themes of a dominant discourse might coalesce together or, conversely, how writers began to unpick or repair the contradictions between two themes. In cases where two ideas might seem superficially opposed, this proves especially helpful. For instance, imperialism is seemingly opposed to the socialist tradition, but Labour had to handle the craft of running the British state. I would therefore build a coding relationship between "Scottish Labour" and "British Empire" and code passages where Labour tries to work out its contradictions on this theme.

As a rule, in focusing my research, I drew on Fairclough's advice that, in CDA, samples of text should be selected to prioritise "moments of crisis", points where the discourse starts to break down and a repair is necessary (Fairclough, 1992: 230). Thus, I tried to focus not simply on hegemonic "imaginings" on certain themes, but moments where the intersubjective and interdiscursive conflicts clearly began to manifest themselves and where authors were forced to "re-imagine" the economy.

3. Does the social order (network of practices) in a sense “need” the problem?

Capitalism in general arguably “needs” uneven development (Smith, 2008; Löwy, 2010). Scotland’s dominant industrial families moved to consolidation late compared to e.g. American or German companies, partly because they had privileged access to Empire markets. These dominant groups undoubtedly benefitted from what might seem like an irrational policy where central government intervention “paid for” low wages without putting much compulsion on owners to undertake significant investment. The centralised perspective, which Scottish business eventually came to oppose, probably helped them to continue to exercise significant cultural and political sway within Scotland without challenge.

4. Identify possible ways past the obstacles

To fix Scotland’s industrial roots in declining industries, technocrats sought to reach around the Scottish bourgeoisie with inward investment. The most complete representation of regional policy in Scotland and its problems can be seen in *The Tothill Report*, led, famously, by the head of an inward-investing firm. This promoted the idea of new “growth poles” in Scotland built around high growth industries, but also reflected the first signs of problems with that strategy. Eventually, the problem was “solved” by three means: North Sea oil discovery; rapid deindustrialisation; and inward investment in electronics. Regional support for Scotland, after North Sea oil, came under more Scottish control, informally managed through the Barnett Formula.

5. Reflect critically on the analysis

What can discourse analysis contribute to the economic problems of the past? Is this research more than an intellectual exercise, and can it make a difference to economic policies half-a-century on? We must remember that current programmes of economic reform build on stories about history; these stories help create an aura of “inevitability” around the present. Scottish policy makers often cite alleged post-War mistakes – big government,

centralised solutions, support for “lame ducks” – when they argue for today’s economic consensus. These assumptions are rarely tested or criticised; they simply form a collective background, drawn upon when convenient to justify a policy. Rethinking these stories can thus play a therapeutic role, raising the possibility that the past was contingent, that different paths may have been taken. In turn, this draws attention to the possibility of changing economic course in the future.

2.3: Data Collection

The study’s main data comes from documents, a choice which relates to the particular group of intellectuals we wish to study. I am primarily interested in the “organic intellectuals” (Gramsci, 1971) who take a practical interest in improving the Scottish economy by analysing its strengths and failings and suggesting reforms, who exist in partial autonomy from capitalism in Scotland but nonetheless aim to define a capitalist economy in Scotland and to make it more competitive. However, since the range of analysis is long-term, many of the key people involved with these processes are now dead, suffering from ill-health or are otherwise unavailable. Equally, interviewing elites creates both problems of access, and problems of expectation surrounding their role in the research. Document analysis has thus formed the bulk of the data, supplemented by interviews where these can contribute to a better understanding of the purposes behind texts.

2.3.1 Sampling

CDA does not insist on collecting all the data before beginning analysis (Meyer, 2001: 24). Therefore, I started studying, breaking down and comparing data as soon as I began collecting it. Data collection and analysis were thus conducted in an ongoing and “iterative” fashion rather than fixed in a linear process of stages; I allowed for a constant feedback between the two.

As a result, the sample shifted as I collected and analysed data. Again, the rationale for this reflects my research strategy which, drawing from critical realism, insists on *retroductive* rather than inductive-deductive relations between data and concepts. In a contrasting positivist scheme, researchers seek a sample which represents the whole population, and outlining this procedure in advance and sticking to it is crucial (Danermark, Ekstrom et al., 2002: 170; Titscher and Jenner, 2000). Our study focuses on the causal influence of a small, select group, a group discovered during the research process rather than strictly defined in advance. As with many qualitative methods, sampling here is thus theoretical and *focused*: the principles of selection were *knowing and intentional* (Glaser and Strauss, 2009; Hakim, 2000). I specifically sought out documents that played an important role in constructing the main ideas around the Scottish economy, and, for interview, individuals connected to these debates. There was nothing random about that process, and I cannot claim the individuals selected for interview represent a whole population.

In terms of documents, my selection spanned from the 1960s to the independence referendum in 2014. Many were book-length studies or collections of articles. I took a deliberate decision to bias my focus primarily on top-down studies of Scotland's economic "problems", written from within or for the "establishment". Where I considered factory resistance in inward investment plants, for example, I mostly studied the struggles from a management perspective. That decision reflects my belief that we can learn important lessons about resistance by looking at how management perceives the "problem". In other words, I regard my research as complimentary with studies looking at class struggle from below. Disruption from below forces elite reactions; new regimes of management force responses from the factory floor. However, even when we define our focus on elites, political conflict and representation remained an issue. Within the field of "expertise", my sample had to reflect a highly contested field of economic advice. Expertise on the Scottish economy may assume various forms. Sometimes, documents present direct partisan stances: the left-Labour-leaning *Red Paper on Scotland*, for instance; sometimes, expertise is allegedly neutral policy advice, as with documents published through academic business schools or Scottish Enterprise. Between these extremes there are schemes, presented via documents, to

present an impartial “Scottish interest” by including a broad spectrum of interest groups or moving beyond party-political differences. These play a huge role in Scotland, particularly before devolution allowed the “Scottish interest” to be defined through elections and reports written for parliament. Broad groupings like the Scottish Council (Development and Industry), a non-governmental assembly mostly composed of businesspeople and other representatives, did much of the early research on Scotland as an economic system. A last group includes partisan spokespeople for a non-party-political interest. This can include interventions from sectors or industries, like RBS’s regular reports on Scotland’s economy, and the STUC, which sought more working class participation in Scottish business and government decision making. There are also regional bodies, like the Glasgow Development Council (broadly established on Keynesian lines, but moving to proto-neoliberal solutions) and the Edinburgh Business Assembly, a lobbying group that allied globalised businesses with Edinburgh City Council. Thus to summarise, we may distinguish four types:

- Overtly politicised documents (either party-political or containing an explicit preference for or against Scottish independence);
- Purportedly neutral documents (containing policy advice and frameworks from academic business schools, development groupings, or “experts”);
- Popular fronts (representing an attempt to put aside antagonisms in favour of the “Scottish interest”);
- Partial interventions (on behalf of specific sectors of Scottish society, whether cities, regions, industrial sectors, or economic classes).

CDA does not demand political impartiality; if anything, it demands the opposite. However, I wanted to make my sample of documents representative of the different shades of opinion *within ruling circles* in Scotland. No one principle of selection made that possible, because that group’s nature shifted markedly over time. Early on, Scotland’s economic interest, where defined in official terms, was conceived by businesspeople and a few allied researchers and civil society representatives. Paradoxically, this group often called for more state intervention. Later, with the Scottish Development Agency and the new business

schools, a professional grouping – one widely associated with Labourism – emerged in their place. Ironically, this group probably took a more fervent approach to promoting market forces and private initiative. This shifted again with Scottish Enterprise, and again with devolution. These examples simply serve to show that no one principle can ensure a representative sample in such a changing population. For instance, simply making sure that I used an equal number of pro-independence and anti-independence texts seems “unbiased”, but at certain times in history it would be very biased. During the period of regional policy, for instance, nationalism (in the narrow sense) was weak in elections, and its intellectual profile on the economy was negligible. Although SNP-style nationalism, after a flurry of interest during the crisis of Labour government, prompted one serious rebuttal from an economist (McCrone, 1969b), it produced almost no serious studies of its own. Therefore, barely any texts in that chapter take a pro-independence view, because the apparently “unbiased” principle of equality between these poles would be meaningless and counterproductive.

My general principle was to consider the texts most frequently cited by experts, or those that considered a difficult question concerning a particular topic (e.g. Wendy Alexander’s pamphlet on the Irish economy from a Labour perspective). Starting with some obvious texts, I soon discovered other authors and texts that formed intellectual reference points. Sometimes names of influential people – e.g. Crawford Beveridge, John Fern, Wendy Alexander – arose repeatedly in interviews, allowing me to follow up these authors.

2.3.2 Document Analysis: Practical Issues and Advantages

I accessed most significant documents from the National Library of Scotland and the University of Glasgow Library. The former has the widest available selection of documents and books published in Scotland; the latter has a particular focus on Scottish business and Scottish public policy. Both libraries had sorting systems which helped in constructing the sample. Some more recent documents were also available for download online. This applies,

for example, to all Scottish Government reports written since devolution, and to the documents written by think tanks that sprang up after 1999. Lastly, where appropriate, I consulted newspaper coverage of significant historical events connected to the Scottish economy, or significant articles by leading thinkers. I consulted general newspaper reactions, for example, to important factory closures in the 1980s under Thatcher's Conservative government. I also looked at famous articles which proved influential in broader Scottish debates about the economy, such as John Firn's articles on Scotland's "branch plant syndrome" published in the *Scotsman* in 1973. I took advantage of the searchable newspaper archive on Lexis-Nexis, which goes back to the early 1980s, to search for significant keywords and dates, and looked at earlier sources when prompted. To collate these diverse sources, I used the software program NVivo, which allows for comparative analysis of qualitative sources. The details of this are listed in section 2.3.4.

Documents stood out as the most appropriate data source for the aims of this study, namely studying the causal influence of a small, professional elite cadre. Quantitative data sources are relatively limited when it comes to measuring the behaviour of elite groups over time. Statistical data demands putting social agents into broad taxonomical aggregates so they can represent whole populations. Measured by their capacity to make valid generalisations, these methods have real advantages. But their dominance over social research at the expense of other methods can create unconscious biases which limit our understanding of causally important groups (Danermark, Ekstrom et al., 2002: 165). This applies particularly to the behaviour of elites, who can exercise huge influence which is largely in statistically undetectable terms. Thus, the most "elite" class in Goldthorpe's classic mobility study – the "higher service class" – is 14.3 percent of the male population; anything less than this would not produce workable generalisations using this brand of quantitative study (Savage and Williams, 2008: 5). But such analysis would miss out key groups – the so-called top 1 percent, for example – who exercise disproportionate influence. My intention is not to reject such quantitative research, but instead to promote qualitative data as a means of creating promoting new, deeper problems for statistical analysis.

Documents present several key advantages in this form of qualitative study. Compared to interviewees, documents are easy to access, even when the original author has died or left the country. Unlike the spoken word, written text “can be separated across space and time from its author, producer or user” (Hodder, 2003: 155-75). Although a document’s meaning shifts over time, its content remains intact compared to interviews which might be clouded by the hindsight biases of subjects or by their wish to defend their reputations. These problems are redoubled with elite interviews, since interviewees might consider their view of events as authoritative. As Neal observes, in conducting feminist and anti-racist research, “The scope for collaborative action research is not only obviously severely limited when the research gaze is upwards, it also becomes inappropriate with its potential, in this very different context, to collapse into collusion” (Neal, 1995: 521). Equally, elite interview answers may reflect the current “official line” (Duke, 2002) of their organisation. While this applies to documents too, the latter have a distinct advantage: their “official line” remains static over time, allowing for comparative analysis unclouded by present biases. Ethical problems, whether of “colluding” with or “misleading” participants, are not significant problems with documents.

Certain pitfalls are nonetheless attached to document analysis. Unlike interviews or surveys, documents are seemingly “inert” data, designed for their own purposes rather than the researcher’s, often only related to the research questions in a tangential sense. The non-textual social context of a document’s production is a crucial part of a document’s reality: a text’s intended audience – and the way texts imagine this – form as much “reality” as the written words on the page, for example. However, the temptation to admit this in theory and forget it in practice can weigh on researchers. This may lead down two difficult paths: first, documents may be regarded as an inert source of “evidence”, as in a standard positivist historical methodology; or else, they may be seen to constitute their own reality, as in postmodern forms of textualism. In a related fashion, documents are easily subject to over-analysis (refusing to let the text speak) and under-analysis (or over-quoting) (Antaki, 2003). These pitfalls explain why I emphasise CDA as theory and method. Discourse analysis, as I outlined earlier, differs from other qualitative methods by its reluctance to see its data

simply as “evidence”; instead, it looks at what text does and what it constructs (see Hammersley, 2003). Equally, CDA’s roots in critical realism guard against the temptation to ignore the reality behind the text.

So one important rule is to remember that documents *do* things, they are *interventions*, and do not simply record an “inert” ulterior reality.

In matters of social research, documents usually only appear insofar as they serve as receptacles of evidence for some claim or other...social researchers are far more interested in asking questions about what documents contain than with what people do with documents and how they manipulate them in organisational contexts (Prior, 2003: 147).

CDA does not provide a clear, universally-valid, and uncontested set of methodological procedures for scouring texts for “evidence”. But this forms an advantage when we consider that documents are not only “receptacles of content” but also – to borrow a phrase from actor network theory – “agents in networks of actors” (Prior, 2010: 111-2). As section 2.3.4 will explore, the practicalities of keeping this focus can depend on the type of document being considered, whether physical or electronic, for example. Where I sourced them from a library, my first step was to read through the document looking at basic questions. Who wrote the document, and what audience were they assuming? Did the document take a partisan stance, and if so, for what, against whom? What actions did it recommend? I would then relate these to my main research questions. Only then would I begin copying passages of quotation from texts and “coding” them by themes.

2.3.3 Semi-Structured Elite Interviews: Practical Issues and Advantages

I chose to supplement my first form of data – documents – with semi-structured interviews, focusing on policy professionals with a public role, with a smaller number of Scottish business journalists included as well. These interviews, mostly lasting one hour, were tape-recorded and fully transcribed for comparative analysis. At first, I was sceptical about interviews given problems of access, problems of power, and problems of expectations surrounding their position in critical research (Neal, 1995). However, I wanted to discover the meanings that experts on the Scottish economy attached to their role and their object. I wanted, in particular, to speak to the authors of influential texts and policies about how they understood their work, what they aimed to “produce”. Interviews have one distinct advantage over documents: they allow for a tighter fit between the researchers’ questions and the data produced at the end. In this particular project, it allowed me to test my assumptions about the politics behind key documents and policy shifts. I wanted, in particular, to discover the politics that lies beneath the surface. A party manifesto has a clearly defined relationship to “politics”; a policy document on inward investment is a different matter. My aim was to capture the way in which issues take on politicised and depoliticised characteristics. Interviews allowed me to appreciate how the actors conceived this. Use of this secondary method formed a sort of “triangulation” mechanism for my hypotheses and hunches about the function of texts.

These concerns essentially dictated my sample. I concentrated on individuals associated with key shifts in discourse around the economy, or those who occupied positions of influence during a period of rapid change. Jim Sillars, for instance, wrote the key document behind the SNP’s “independence in Europe” policy which played a strong role in legitimising Scottish nationalism in the 1990s. Crawford Beveridge commissioned the research which shifted Scottish economic policy away from inward investment towards business start-ups. Ron Bowtham pioneered moves towards looking at industries in “clusters” as a critique of the weaknesses of inward investment. Gavin McCrone authored the infamous “McCrone Report” on oil revenues and piloted the Scottish Development Agency. Jim and Margaret Cuthbert wrote influential criticisms of GERS which eventually changed how statisticians measure oil’s value in the Scottish economy. These examples serve

to highlight the process behind sampling. At first, I simply wanted to talk to the authors of influential documents. However, while conducting interviews and reading documents, I discovered other people of influence, whether through recommendation or through repeated mentioning of a name. Essentially, this process resembles “snowball sampling”.

This approach was an advantage in securing access to high-profile interviewees. Often, I gained access through a previous interviewee vouching for my research. Clearly, this proved useful, allowing me to speak to individuals who may otherwise have ignored my request. However, these advantages also raise issues of power and influence, which can aggravate hazards with elite interviewing in general. I had to build trust with “experts” whose role I partly aimed to question. As an outsider, I could be accused of becoming too reliant on their expertise, or of creating ethical issues by taking a critical stance on my interviewees’ role.

Another problem I encountered was a strong gender bias. Only three of my interviewees were women. This appears to reflect a general male dominance in Scottish economics. For example, of all documents marked “Scotland – Economic Conditions 1918-” in the National Library of Scotland with a clearly defined author, 60 are written by men and only 6 are written by women. This bias could itself form the basis of a PhD. Aside from the many discursive aspects of the Scottish economy I will identify, I would suggest that the economy is imagined in a highly gendered fashion. Male dominance is almost certainly both a symptom of this and a cause of it. Equally, all of my interviewees were white. Although the “whiteness” of the economy is probably a bigger issue in England – where Asian, African, and Caribbean immigration has been greater – it plays a role in Scotland as well, especially when we include the issue of Irish Catholic exclusion from certain private industries in Scotland. The “Scottish economic interest” has doubtless been imagined in such a way as to privilege certain ethnic groups. The sample may incorporate these biases. But this reflects a deliberate approach to sampling: the “top-down” focus on those who have the power to construct documents arguing for particular economic courses of action.

Interviewing elite individuals creates other constraints. For instance, structured interviews built around close-ended questions are almost impossible to conduct. As Aberbach and Rockman observe, “Elites especially – but other highly educated people as well – do not like being put in the straightjacket of close-ended questions” (Aberbach and Rockman, 2002: 674). In practice, many interviewees proved reluctant to speak about issues if they had not directly experienced them or if they did not have suitable “expertise”. Therefore, the choice of semi-structured interviews, built around the particular role of the subject, proved unavoidable. Although I posed general questions to everyone, I also tailored specific questions, especially around documents or policies associated with the person I was interviewing. In some cases, this allowed the interviewees – taking advantage of their expert position – to direct the interviews in certain directions. Of course, these diversions could prove useful as well as extraneous. At times, they alerted me to issues that proved more important than I had imagined. For example, Jim Cuthbert, previously chief statistician at the Scottish Office, tended to bring most issues back to the politics behind GERS (Government Expenditure and Revenue Scotland), the reports which calculate Scotland’s economic relationship to the UK. This alerted me to significant political debates about oil revenues that I had not originally intended to examine.

2.3.4 Data Storage and Analysis

I used the software package NVivo to store and analyse data related to my study. NVivo’s main advantage is that it groups together or “codes” pieces of sources around a theme, which the software calls a “node”. It also helps in separating out different forms of data, and searching across a wide variety of documents for keywords. Here, I will briefly explain how texts were rendered, the coding strategy, and the stages of analysis. In data terms, I encountered three different forms of sources: documents already in electronic form; physical documents; and interviews. First they had to be rendered for comparative purposes, which involved three separate processes:

- Electronic documents could be simply placed within NVivo. However, once inside the software, they had to be read and coded by theme;
- With physical documents, most of which could not be withdrawn from the library, I copied out key passages into NVivo and coded them as I went along. I kept one document for every significant text;
- I fully transcribed all interviews and, after the transcript was completed, I went through the text coding significant passages.

This process in isolation would create the temptation to passive “over-quoting”, since the nodes are nothing but quotations of passages from the texts grouped around a theme. However, one advantage of NVivo is that it allows the creation of Notes attached to documents; in turn, these Notes can be coded and compared with other sources. I created Notes for documents looking at their intended audience, peculiarities and interesting themes arising from analysis. For interview subjects, I created notes on their background and expertise, their political stance, their public profile and anything peculiar about the interview.

NVivo’s coding system allows you to define your own themes for analysis. Therefore, I built the coding structure around the research questions and the main themes of the research, while leaving room for new themes to emerge in the course of analysis. NVivo also permits for a hierarchical structure of themes. “Enterprise”, for example, might be a main theme, of which “start-up businesses” might be a sub-theme. NVivo can build connections between themes, and even allows for coding according to relationships. For instance, I related “enterprise” and “nationalism” as themes, which allows me to code passages which refer to this relationship. Lastly, besides broad themes, I coded key individuals and organisations where they played a significant ideological role. Crawford Beveridge, the first Chief Executive of Scottish Enterprise, became a persistent reference point in debates about

Scottish attitudes to business. Therefore, I created a node referring to him, and coded any references to him within it.

Once I had a strong established structure of themes, I began sketching the structure of my overall project. I created notes for each intended chapter, and used NVivo's node system to help build notes around all the chapter's subheadings. I could then output reports connected to chapters and their sub-headings.

Software's role in qualitative research is contested. Some researchers have embraced software as a tool of analysis (Lewins and Silver, 2007; Bazeley and Jackson, 2013), but even these researchers do not endorse software uncritically. Many of the strongest criticisms have come from researchers in the critical realist school. Crinson, for instance, argues that:

Using codes to simplify or reduce transcript data is the characteristic form of the "content analysis" approach, the purpose being to identify a simple conceptual schema. This process usually involves the exclusive index coding of segments of data text, so as to be able to eventually retrieve sections sharing a common code; as a method for treating the data in a "quasi-quantitative" way...Such approaches result in the fragmentation and decontextualisation of research material, and distort the richness and complexity of interactive discourse...The problem is essentially one of failing to integrate fieldwork with an explicit theoretical framework (Crinson, 2001: 5).

During my research, I found the computer-assisted approach helpful in linking concepts and data. Certainly, software like NVivo works best when researchers are using a form of grounded theory, i.e. they are building concepts from data, a strategy I ruled out. However, if the sources are carefully linked to research notes and a pre-established framework of

theory, there is no reason why computer-aided research should collapse into a “quasi-quantitative” (e.g. content analysis) approach.

2.3.5 Political Context

CDA promotes the idea of political partisanship, but my role in this could be confused due to the particular political context. I conducted interview research during the early months of the Scottish independence referendum, and, inevitably, this may have influenced the results in various ways, affecting both my own role and my interviewees’ views. First, during this period the Scottish economy took on an unusually polarised, politicised character which may not have applied in a different year. Both campaigns accused each other of telling lies about the economy, and, by extension, most people in Scotland had to “take a stance” on accusations of bad faith and duplicity, creating an unusual setting for a topic usually conducted in the jargon of expertise. Second, the interviews, with one exception, happened before the opinion polls turned towards the “Yes” campaign. Given polling evidence, many assumed the debate was hurting the SNP and that the “Yes” side would perform poorly. This presumably shaped the views expressed in the interviews. Third, I played a personal role in the referendum, writing a pro-independence book – albeit a book that heavily criticised the SNP (Foley and Ramand, 2014) – and many articles on the topic. Some interview subjects were aware of my political commitments. Given the context, awareness of my political role may have influenced both the sample and the views expressed by participants. Those sharing my pro-independence view may have been likelier to respond to requests for interview to someone sharing their opinions on a heated political question. It proved difficult to gain access to economists associated with the Labour Party, although there were exceptions. Equally, participants may have tailored their views to agree (or disagree) with my position as they assumed it.

A few points should be made to qualify these concerns. First, I did not select the sample to reflect the independence referendum, and I did not actively seek out participants in the

debate. I focused on those figures with longstanding influence over the policy process, particularly between the 1970s and the early period of devolution. While these people held views about the referendum, most were not central participants in the 2014 debate. Second, the questioning did not focus on the referendum. It focused instead on the main themes of other chapters: regional policy, oil, inward investment, class, and enterprise. Third, where interviewees expressed views on the referendum, these did not form the data for the chapter on the topic. The independence chapter largely draws its data from documents. Fourth, the sample may look biased compared to the course of the economic debate in the media, which tended to favour the “No” side as measured, at least, by the number of mainstream newspaper endorsements for the rival campaigns. In my research, roughly half the participants expressed outright support for independence, albeit often from a standpoint critical of the SNP, while half were opposed. But that “bias” may reflect an implicit media orientation rather than any problem in the sample. Some “experts” on the Scottish economy did back independence, but they were less likely to be portrayed in the media.

Critical discourse analysis assumes, anyway, an overt political stance towards research. My worry is that some interviewees (positively or negatively) misread my political stance as support for the Scottish Government or for the aims of Scottish nationalism. I did not intend my research to support the case for Scottish independence, far less that it should strengthen the case presented by the Scottish Government. I began the research strongly influenced by criticisms of any idea of a distinct “Scottish national interest”, and I continue to believe that tactically appealing to the “Scottish interest” alone can undermine the working class movement. If anything, I believe the labour movement has been too soft on that question. My support for independence – and this is reflected in my research – was based on my critical stance towards the narrow neoliberalism that shaped both campaigns.

Nonetheless, my participation in the question undoubtedly allowed me forms of access to debate, “insider” gossip and contacts. In a sense, also, I was an ethnographical participant, and may have been subject to many of the potential pitfalls of such research. I have made significant effort to form a critical stance on Scottish nationalism and the independence

movement, and I believe the coming chapters will demonstrate this clearly. But I cannot pretend to live in isolation from the political questions and movements around me, and I acknowledge the hazards associated with this in advance.

2.4: Conclusion

This chapter has outlined my stance on research in general, the reasons behind my choices of method and data, and the problems I encountered. “Methods” cannot be arbitrarily separated from theories, and my stance on critical discourse analysis reflects this. Although the conclusions here can hopefully influence researchers from all backgrounds and schools, I want to clarify that I am not implying a strict “constructionist” view of economies. My sources of data reflect the needs of the particular object studied, the Scottish economic imaginary. Documents proved useful in overcoming shortcomings of interviews, principally because many interview subjects were unavailable but also because their nature remained unchanged. However, interviews proved useful in “triangulating” my theories on the purposes of texts. The general tools of discourse analysis reflect the nature of that object: I want to analyse what it does, how it was constructed, and how it relates to economic practice broadly speaking.

2.5 A Short Note on Page Numbers in Citations

Some references, as mentioned above, come from newspaper sources. Generally, although not exclusively, these came from the online archive held by LexisNexis. Unfortunately, these often lack specific page numbers. Some Harvard citations to direct quotations are therefore missing them. However, given the short nature of these articles, reproducing the material should not present a significant problem to other researchers.

Chapter 3: Literature Review

This chapter provides an outline of the origins of our key concept, the economic imaginary, of its place within the academic study of capitalism, and of this study's potential contribution to the sociology of Scotland. I start by deliberately placing the research in a longstanding sociological tradition which seeks to denaturalise the economy, a *critical* tradition with origins in Marx and Weber. My aim here is twofold: to emphasise the long lineage of this research; and to argue that classical sociology's main object, capitalism, should remain central to the sociological project. The next section examines regulation theory, which began as a French offshoot of Marxist political economy and became a popular way of conducting empirical research into the shift in capitalist regimes post-Bretton Woods. In particular, I emphasise Bob Jessop's project of reconciling this (often economistic) body of research with discourse analysis and state theory, since this shaped our central theoretical idea, the "economic imaginary". Section 3.3 examines other important approaches to studying processes of imagination and narrative in economies. This includes actor network theory, the neo-Weberian sociology of Boltanski, and Anderson's idea of nations as "imagined communities". The last, longest section examines the broad sweep of sociological literature on Scotland, in order to place this study's significance within it. I chart the decline of approaches rooted in theories of uneven development, and the growing importance attached to identity politics, the public sector, and the new middle class. This section shows that research into Scottish capitalism declined partly because of valid criticisms of crude theories linking Scottish nationalism to uneven development (and even "colonialism") within Britain. However, I contend that to understand Scotland's political present, we must "bring capitalism back in" (Streeck, 2008: 25), and that looking at economic discourse may provide one angle on this.

3.1 Capitalism, Critique and Social Science

This study is about the construction of economic categories that we experience as natural. It falls within the domain of “cultural political economy” which “emphasises the lifeworld² aspects of economic processes – identities, discourses, work cultures and the social and cultural embedding of economic activity” (Sayer, 2001: 688). As Sayer observes, we can trace the roots of this project to both ancient and modern literature, from Aristotle to the Scottish Enlightenment, for whom commerce had a moral, pedagogical function in forming “civilised” habits. However, perhaps the most useful starting point is Classical Sociology. Sociology flourished as the discipline that dealt with the psychological effect of capitalist modernity, from Simmel’s analysis of city life to Marx’s writings on alienation and commodity fetishism and Weber’s iron cage of rationality. Given that the capitalist system continues to shape the world around us, and that what Sayer calls its “system mechanisms” have intensified their hold over everyday life, these perspectives still offer a useful starting point today. However, this era of social science largely dealt with the *disruptive* side of capitalism as a new system. Today, by contrast, we are confronted with the apparent *order* of capitalism that persists despite its crises.

The classical sociological of modernity is thus principally about the uprooting of settled patterns and habits. This point is perhaps best captured by Marx’s famous claim that under capitalism “all that is solid melts into air, all that is holy is profaned” (Berman, 1988). The Marxist method as defined by Engels and in Marx’s later work tends to abstract from lived experience to understand the revolutionary but crisis-prone “laws” or structures that exist beyond the psychology of individual actors. Marx nonetheless always concerned himself with how individuals (and economists) fetishise historical economic categories and begin to treat them as eternal laws of nature. Marx’s critique of political economy aimed to show how a reified version of consciousness emerged from the basic categories of economic life, how, for example, “a definite social relation between men...assumes, in their eyes, the fantastic form of a relation between things” (Marx, 2007: 83). For Marx, the main error of bourgeois economists is their belief that their historical method of explanation ends with the collapse

² Sayer’s use of the term has roots in Habermas’ ideas but should not be confused with them. One of the features of Habermas’ system is to see the economy as having only the properties of a system and not those of a lifeworld.

of feudalism and the victory of capitalism. Since the latter is conceived as operating in harmony with human nature, bourgeois economists see the laws of capitalism as eternal: having been thwarted under earlier modes of production, the laws were simply waiting for the political opportunity to unleash themselves (Patnaik, 2002). Marxist critical theory, then, begins with a challenge to “economistic” thinking by extending the critique to capitalism itself. Max Horkheimer lists three ways in which this happens (Horkheimer, 2002: 247-9; Benhabib, 1994: 68-70):

- The object of critical theory is not the economy *per se*, but how the dominant categories used to describe the economy turn into their opposite: “fair exchange into a deepening of social injustice, a free economy into monopolistic control, productive work into rigid relationships which hinder production, the maintenance of society's life into the pauperization of the peoples” (Horkheimer, 2002: 247). Marx, for example, does not create his own categories, but develops his philosophy by showing the self-contradictory nature of existing ones;
- Critical theory does not reify the economy. Indeed, it “aims at a mode of social existence *freed from the domination of the economy*” (Benhabib, 1994: 70; italics in original);
- A critical theory aims to understand the whole of social development in order to encourage transformation of the current order.

Nonetheless, Marx leaves open the question of precisely how individuals or classes are aware of the economic categories around them. Many subsequent problems in the Marxist theory of consciousness have their roots here, most famously the dualism of class-in-itself and class-for-itself but also the Marxist theory of the state: if for example the state is simply an “instrument” of bourgeois rule, how do the concepts of politics reflect this in consciousness? Marxism never satisfactorily explained how the objective demands of exploitation in capitalist work lead to political *subjectivity* from below or from above. This problem has intensified as the traditional link between Communist and social democratic politics and workplace organisation has broken down. Although Marxism is the inevitable

starting point for a cultural political economy, I see the latter as bringing in tools to extend the insights of the former.

Max Weber offers another starting point for the analysis of the lifeworld under capitalism. Weber is often presented as the “idealist” opposite to Marx, but many Western Marxist thinkers have challenged this view (e.g. Jameson, 1973; Löwith, 1993). In contrast to “vulgar” economics, Weber stresses the irrational roots of contemporary economic reason, which arises out of historical accidents rather than human nature (Weber, 2002). Equally, while Weber appears as a methodological individualist, he also offers tools for breaking down the natural status of the calculating Western individual. As Boltanski and Chiapello, two contemporary Weberian thinkers, have argued, “history represents the quintessential tool for denaturalizing the social” (Boltanski and Chiapello, 2003: xlv). Rather than stress the Cold War divide, I would emphasise how Weber’s sociology can contribute to a Marxist sociology and vice versa. However, although the differences between the projects have been exaggerated, Weber does regard the central disruptive feature of modernity as *rationalisation*, and although the bourgeoisie emerge as the “carriers” of this, capitalism becomes a chapter (albeit perhaps the most important chapter) in a longer history of rationalisation.

Weber, writing after Marx and during the rise of “monopoly capitalism” and nation state consolidation, can prove insightful in understanding the permanence that capitalist order assumes. One crucial point is the complementary rise of bureaucratic rationality and the modern corporation. Weber also highlights the dynamic relationship between bureaucracy and charisma, and the tendency for inspirational movements that disrupt the capitalist routine to themselves become “routinized”. “Every charisma is on the road from a turbulently emotional life that knows no economic rationality to a slow death by suffocation under the weight of material interests” (Weber, 1978: 1120). Here, we can find an interesting starting point for the “embedding” of economic activity and, perhaps, for another crucial feature of modern nationalism, its tendency to “invent” new traditions to replace old ones. We also discover the roots of Boltanski and Chiapello’s point (see section 3.3) about how critiques of capitalist work can help build the ground for new forms of managed

exploitation. However, in admitting this, we can illustrate a potential flaw in Weber's ideas by pointing to how "organised capitalism" – a key instance of rationalisation overwhelming the logic of profit – has been overcome by neoliberalism. A key trend in recent decades has been that management's bureaucratic "iron cage" has been subordinated to increasingly mobile *capital*. This leads me to doubt Weber's central thesis that capital is simply subject to rationalisation, if such a thesis is interpreted in a one-sided manner.

There is, then, a gulf separating our current cultural political economy from the era of both Marx and Weber. Both write before the invention of what we now call "the economy", that is, a managed, statistically-defined national space that came to dominate our imagination of capitalism and served to organise the management of crisis. I noted in the introduction that this is a recent approach dating to the 1930s at the earliest, and probably much later in Scotland. This suggests the counterintuitive point that "the economy" as we understand it today is historically younger than capitalism. The idea of the national economy undoubtedly helps to give permanence, order and heritage to the psychology of work, investment and consumption. Both Marx and Weber also predate the development of mass culture and the mass technologies of government that were designed in part to produce more efficient worker-consumers and loyal subjects to the nation. These processes of the "engineering of consent" help to give the capitalist way of life the aura of permanence even as it disrupts taken-for-granted habits and traditions.

The post-War, Cold War era of capitalism arguably seemed to exemplify the Weberian idea that "organisation" would emerge from, triumph over and come to consume the capitalist spirit. However, the period since the 1970s has thrown this assumption into doubt. The grip of rationality and state management over everyday life has arguably tightened, but increasingly with the aim of producing the disposition of the "entrepreneur", the "enterprise" or the "flexible worker". In that process, the grassroots capitalist spirit offers no salvation from the rationality of government, since the grassroots capitalist spirit has become the end of government. Neoliberalism has sought to generalise the values of commodity production into new areas that previously seemed immune to market rationality

(see chapter 8). In understanding how this happened, Marxism continues to offer a useful starting point, although neo-Weberians like Boltanski and Chiapello have also contributed exceptional studies of this new situation.

In general, classical sociology provided necessary hints for a theory of the economic lifeworld without developing a fully rounded design. As Sayer notes, “concrete economic life is a product of many determinations...Weber’s abstract ideal type of bureaucracies or Marx’s abstractions of capital concern their character as systems [but] concrete bureaucracies and capitalist firms are also part of the lifeworld and subject to its influences” (Sayer, 2001: 693). To take a pressing current example, neoliberalism seems in an abstract sense to put the economic system above all other influences. But this view only superficially captures neoliberalism in practice. To stabilise the new system, neoliberals first had to make alliances with social reactionaries and present their reforms as “revenge” on the “privileges” of groups like striking workers, single mothers (“welfare queens”), homosexuals and immigrants. Recent events – “Brexit”, the election of Donald Trump – indicate that this alliance is breaking apart, since its parts, “free trade” on the one hand and “revenge on women and minorities” on the other, no longer work together cohesively. In understanding the stability of capitalism despite its crises, we need a theory encompassing the tendencies identified by Marx and Weber along with these processes of identity and narrative.

However, recently sociology has been caught between two unsatisfactory views of the economy. One trend is for sociology to cede the analysis of capitalism to the discipline of Economics. As Granovetter puts it, “sociology became...the ‘science of leftovers’, backing off of the economic and political spheres and focusing on such unclaimed subjects as the family, deviance, crime and urban pathology” (1990: 89). Since the 1970s, neoclassical theories and “scientific”, quasi-mathematical approaches (Keen, 2001; Perelman, 1999) have come to dominate Economics, and sociologists have increasingly looked to specialise elsewhere. Many sociologists who continued to study the economy came to passively accept the neoclassical view (particularly in the literature on globalisation) while aiming to supplement its strict vision of human nature with a more complex account of motives, to stress, for

instance, that the cold logic of economic growth relies on warm social bonds of trust in communities (Fine, 2010). Swedberg (1990), for example, welcomes the end of the “Cold War” between economics and social science, but warns against “economic imperialism” where neoclassical explanations dominate all accounts of human behaviour (Granovetter, 1992; Granovetter, 2000). Sociology thus stakes out a corner in a universe defined by neoclassical thinking. However, as Febvre notes, this tactical retreat essentially means abandoning sociology’s moral censure of capitalist psychology:

Since Parsons and Smelser it has been clear that economic sociology looked towards the neoclassical economics rather than classical social theory. Indeed, the whole sub-discipline could be understood as a polite plea from sociologists for recognition and validation from neoclassical economics. Such an attitude could not fail to compromise sociology, for example, from the very beginning it committed sociology to a partial view of the rise of economic rationality (Febvre, 2003: 19).

Another alternative is to impose a “cultural” view onto the system, to act as if culture defines the economy “all the way down” and to ignore structures that exist independently of lived experience. As Sayer (2001: 693) notes, this has been the trend in recent feminist and anti-racist research. Such approaches often emerged in conflict with 1970s Marxism’s “economic determinism” and sought to highlight the importance of identity across all fields of society. However, in failing to provide a sociological approach to the economy, by leaving the field to the discipline of economics, liberal sociology has often fallen into a greater economic/technological determinism, as indicated by the case of “globalisation studies” that became fashionable in the early 2000s (Rosenberg, 2005). Politically, this moved sociology’s attention away from inequality towards recognition at a time when old-fashioned disparities of income and wealth have drastically increased across the Western world. Analytically, it surrenders sociology’s right to analyse the objective tendencies inside capitalism that help to produce inequality, oppression and conflict. Therefore, although there is a great gulf between capitalism today and in Marx and Weber’s time, I stress that we should begin by emphasising the world we share with classical sociology, and build upon its insights.

3.2 From Regulation Theory to the Economic Imaginary

This section turns to Jessop's specific version of cultural political economy with its distinction between the actually existing economy – “the chaotic sum of all substantive economic activities” – and “the economy” or the *economic imaginary*, the “imaginatively narrated, more or less coherent subset of these activities” (Jessop, 2004: 5). In understanding this project, it makes sense to begin with Jessop's sympathy with the project of regulation theory (RT), an originally French research school inspired by classical Marxism that seeks to understand stability under capitalism (Aglietta, 1982; Aglietta, 2000; Lipietz, 1987; Boyer, 1990).

Previously, we noted that classical sociology focused on the disruptive and violent appearance of capitalist modernity. However, the long-run experience of capitalism has shown regular periods where workers and the middle class generally accept the rule of capital and seek incremental, instrumental change within the system. Although it varies across societies, the broad trend has been for people to willingly surrender their working day to the discipline of managers and the market in return for expectations about growing consumption and life chances. Sometimes, this happens by force, through police violence against picket lines or through laws enforcing severe restraints on unions. This violence may in turn bring a new order into being, as with Britain's experience after the Miner's Strike. Mostly, however, work discipline happens through consent, including the active co-option of the union movement. Capitalist societies thus came to have the appearance of long-run stability, especially where moves to manage crises and to provide welfare services to the victims of disruption became norms of government. However, the practices of “manufacturing consent” can often change suddenly, as the 1970s crisis of capitalism has revealed and the post-2008 crisis may also prove.

Gramsci was the first Marxist theorist to broach the implications of the merging of capitalist rule and the state. He provided a set of concepts for both analytical and strategic purposes that continue to influence thinking on these questions today.

RT, though, is perhaps a better starting point because it offers researchers in the broadly Marxist tradition a way to apply *data and evidence* to examining capitalist stability and change in concrete settings. But while many researchers acknowledge the existence of this school of research, its precise nature is contested. The concept most frequently associated with RT, Fordism, actually derives from Gramsci's still-influential writings on the American assembly line system and its norms of rational consumption. The offshoot of this idea, "post-Fordism", has been even more influential. This poses problems, since many regulation theorists consider the idea unhelpful, and many other researchers cite post-Fordism without considering regulation theory and its Marxist origins.

Equally, from this study's perspective, many of the typical features of Fordism – standardisation, mass production – are notably absent in Scottish-owned industries. While this would provide an interesting, alternative angle of research – and I will return to the apparent absence of Fordism in Scotland – I did not intend to undertake a comprehensive study on this theme. Clearly, the crisis of the 1970s, which inspired RT, also inspired the starting-point of this research. However, partly I was keen to observe the particularities of the Scottish case, the features which set it apart from Fordism's general crisis, and the political dynamic that surrounded the economy after North Sea oil's discovery. This reflects a general move to consider the importance of spatial and scalar diversity, and how the latter manifests within the current capitalist regime, as Jessop and others have emphasised (see also Brenner, 2003; Brenner, 2004b; Brenner, 2004a; Brenner, Peck et al., 2010).

Jessop and Sum (2006: 29-30) subdivide regulation theories into four, based on whether they consider only economic forces or also broader "historical blocs", the broader socio-political alliances that ensure reproduction; and whether they consider regulation in national or

international terms. This schema indicates the potential breadth of the research programme. But what unites such a vast field? According to Jessop and Sum, RT examines “laws” and “regularities” governing the economy “in its inclusive sense”, just as Gramsci studied the state “in its exclusive sense” by conceiving of the way it had unified civil society plus political society (Jessop and Sum, 2006: 3-8). RT reverses the idea of mainstream economics that “equilibrium” is normal and crisis is abnormal and external to capitalism. Instead, its researchers seek to understand how an unstable system – capitalism – can experience long periods of social stability. This draws attention to the diversity of institutions that may ensure a sense of order. Capitalism seems to work equally well, for example, in Nordic and Anglo-American varieties. In common with evolutionary and institutional economics, RT looks at how historical norms are path-dependent, how what begins as contingent, undistinguished, even small choices and events can take on deterministic features, “locking-in” future choices (Mahoney, 2000; David, 1985). RT gains its specific importance, though, by its continued stress on capitalism’s dynamics, a concern which may be missing from mainstream academic research. As Jessop explains, RT:

Enable[s] its adherents to explain why capital accumulation, although it is inherently improbable in the light of these features, can nonetheless continue for relatively extended periods without witnessing major crises. These concerns are linked to interest in the generic crisis-tendencies of capitalism, the specific form of these crisis tendencies in specific accumulation regimes, and the major ruptures and structural shifts that occur as accumulation and its regulation develop in and through class struggle (2002b: 89).

The existence of varying capitalist regimes is undeniable, and social science has a long history of analysing the dynamics behind their stability and instability (e.g. Polanyi, 2001). “Varieties of capitalism” research is now a well-established part of North American business schools even more than sociology departments (Hall and Soskice, 2001). Like institutionalism in general, RT “argues that precapitalist logics are also an essential ingredient for markets and capitalism to exist: they depend on trust, reciprocity and long-

term strategies and these in turn require communities, associations and/or networks to operate” (Jessop and Sum, 2006: 7).

To this end, it employs the alternative couplet of “regime of accumulation” and “mode of regulation” to explain how non-capitalist institutions can stabilise capitalist societies over time, and how this can create the appearance of variety within capitalism. An accumulation regime refers to the norms that guide investment and production into a stabilised path: “The continuity of accumulation, the habits acquired as regards an allocation which is equilibrated between the different branches of the division of labour, and the expectations with regard to the social orientations of the transformations of the norms of production and consumption, all combine to dominate the private bets of entrepreneurs (and their bankers) like an immanent force, laying the foundations of a ‘social mould’” (Lipietz quoted in Leys, 1985: 23). The latter concept, mode of regulation, which Lipietz explicitly compares to Bourdieu’s *habitus*, refers to “the set of internalized rules and procedures which incorporate social elements into individual behaviour” (Lipietz, 1987: 15). Fordism, in this sense, combines intensive assembly line production, social peace organised around high wages and high profits, and the broad set of social institutions (e.g. the welfare state) designed to ensure social conformity. This highlights the ambition of RT in overcoming a starting point in economics to outline a deeper approach to social order and control, an ambition in line with Gramsci’s.

RT suggests the prospect of a theory of the economy in its inclusive sense, as Jessop puts it. However, any project presenting such a unified and broad approach to the economy is liable to theoretical dangers. The angriest rebukes come from within classical Marxism and its offshoots, resting on familiar claims that RT misreads or bastardises Marx’s work, or imports “bourgeois” ideas into it (Mavroudeas, 1999; Brenner and Glick, 1991). Others have argued, plausibly, that regulation theory leaves little room for class struggle and working class agency, or has failed to fully expand on this theme. Some critics argue that these theories tend towards functionalism, since they imply that a particular arrangement or set of norms exists because it is useful, although RT could equally be criticised for leaving too much

explanation to historical contingency. Equally, some have questioned its unifying ambitions for social science. For Hirst and Zeitlin, “Like most half-way houses, or third ways between alternatives that are perceived as unacceptable, [regulation theory] suffers in practice from the faults of that from which it seeks to retreat” (Hirst and Zeitlin, 1991: 30). Leading regulation theorists have confronted these criticisms (e.g. Lipietz, 1987: 14-24). But, by claiming to explain “social formations” in general, RT will always open itself to two forms of critique. One argument says it leads too far away from “hard” economic explanation. Another accuses it of failing to remove the economism from Marxism, of paying too little attention to the state and the broader problem of capitalist rule in its central concepts.

Criticisms of RT are thus likely to move in two directions: they either criticise its unfaithfulness to an economistic idea of class struggle, or they criticise its failure to follow up on its promise of moving beyond economism. Jessop belongs defiantly to the latter group. His long-term programme has been to reframe RT by combining it with state theory and critical discourse analysis. He notes the strong ontological and epistemological overlap between these approaches: for instance, their common roots in critical realism, as mentioned in Chapter 2. Recently, Jessop and other scholars have recently taken a more explicit “cultural turn”, explicitly looking at the semiotic dimension of political economy, with the aim of avoiding both soft social constructionism and fetishized ideas of economic primacy (Jessop and Oosterlynck, 2008). This has been a response to earlier dilemmas in the regulation theory paradigm between those who have sought to keep a relatively strict definition of economic necessity and those who have sought to integrate an element of textual and discursive construction to economic categories (e.g. Jenson, 1989).

In developing a new programme to explain capitalist stability and crisis, Jessop emphasises that we must pay attention not just to “non-economic” parts of regulation, but also to the “imaginary” of economies. We may define “imaginary”, a term drawn from psychoanalysis, as the “narrative element that provides a sense of coherence and identity” (Graham, Healy et al., 2002: 55). Regulation theorists claimed to offer a better understanding of economics than the discipline itself. However, they paid less attention to the effect of what Jessop calls

the “discursive simplifications” that policy intellectuals use when managing an economy. Jessop highlights what he calls the “semiosis” – the way in which society manifests in language and communication – and the “narration” of economies as crucial parts of their reality. Capitalist systems are increasingly intricate and complex and so, to allow for intervention and policy, intellectuals use shorthand and simplified models to explain their economic goals. Hence, the daily government of the economy, through the state (in its inclusive sense), takes the form of an economic imaginary(ies) (Jessop, 2007: 7). In calling for a theory encompassing this, we are also going a step further to argue that such shorthands and simplifications are more than crude “errors”: they have causal effects on politics and on the “actual” economy. Study of such objects does not imply hard constructionism, the belief that nothing exists beneath the fabric of discourse. We can admit the causal importance of what Jessop calls “actually existing economy”, the chaotic sum of all economic activity under capitalism, while taking its everyday narrative forms seriously (Jessop, 2013).

The Parisian school of RT tended to focus on the world system as a whole, or huge economies like America, the European Union, and Japan. These concepts may be of less use in studying a small “regional” or “sub-national” economy like Scotland. Fortunately, one branch of RT, coming largely from Anglo-American radical geography, has done a great deal to assist our understanding of smaller economic spaces and their newfound importance since the 1970s. Their work focuses on the construction of economic spaces, particularly cities, but more broadly, “new state spaces”. Theorists like Jamie Peck and Neil Brenner have sought to change the idea that economic regulation must take place at a national scale (Peck and Tickell, 1994; Brenner, 2003; Peck and Tickell, 2007; Brenner, Peck et al., 2010). They contend that, since the 1970s crisis, the hegemonic role of national management has declined, creating generalised uncertainty about “where” (i.e. at what scale) capitalism should be managed. This research school has already undertaken significant research on Scotland, which will be outlined in section 3.4. While I believe that they might have exaggerated the decline of nationalism and over-estimated the importance of regions and city spaces – I would suggest that these spaces have declined in relevance since 2008 – I also

believe that their approach offers important insights into the specific way that Scottish nationalism arose within the British state.

While sharing broad sympathy with the main goals of regulation theory – e.g. its search for a study of capitalist economies “in their inclusive sense” – it will be necessary to move beyond its most famous concepts. To its supporters, it offers the opportunity to complete the analytical work on capitalist stability begun by Gramsci. However, RT said too little about how the state and the broader cultural sphere support capitalist stability. Moreover, while offering to replace the neoliberal policy imagination with an alternative that paid closer attention to the realities of policy, it failed to account for the importance of the governing ideologies. Jessop’s model offers a promising starting point for a new, broader programme of research into order and crisis in capitalist social formations.

3.3 Imagined Nations, Imagined Economies

Although this study comes from a clear theoretical background, I’ve remained open to other academic influences. Among the main alternative schools there are theories which take a more forthright constructionist view of economic objects (Cameron and Palan, 2004; Rosamond, 2002). Some of them took influence from a broader ontological outlook which stress the performative nature of objects in general, including actor network theorists (Callon, 1998; MacKenzie and Millo, 2001) and researchers influenced by Foucault (Amariglio, 1988; Steiner, 2008; Springer, 2012). Other studies, strongly overlapping with this one, come from an alternative background in the debates of classical sociology. Boltanski and Chiapello’s research on the contemporary “spirit of capitalism” has already been noted; their approach developed alongside the French regulation school but took a stronger Weberian influence. Another obvious point reference point in this regard is Benedict Anderson’s idea of nations as “imagined communities”. Although Anderson rarely considered the national economy directly, his work broadly influences any study of imagination, particularly when the topic partly concerns nationalism. Of the few, short

studies to look at the imagining of Scotland and its economy, they tend to treat “imagination” in a sense drawn from Anderson (Tomlinson, 2014).

Of the constructionist schools, actor network theory (ANT) has proved enormously influential in contemporary sociology, particularly on the question of economics. ANT rejects the idea that human relations exist independently of the physical and natural world, and questions the idea of a uniquely human form of agency (Whittle and Spicer, 2008). Its influence has arguably been strongest in the field of technology studies, but it also radically reshaped the social study of finance and markets. In particular, Callon’s pioneering work used ANT to question the divide between “economics” (the discipline) and “the economy” (as object of practical policy) (Callon, 1998; Callon, 2007a; Callon, 2007b). One well-worn criticism of neoclassical economics is that it has lost touch with its object; many criticise the models taught in textbooks and classrooms as irrelevant to the “real world” of business and policy, a stance taken, for example, by the original French regulation school (e.g. Aglietta, 2000). Callon rejects the value of this critique. Instead, he focused attention on how economists create their object of study.

Saying that economics has failed by neglecting to develop a theory of real markets and their multiple modes of functioning, amounts to admitting that there does exist a thing-the economy-which a science--economics-has taken as its object of analysis. The point of view that I have adopted...consists in maintaining that economics, in the broad sense of the term, performs, shapes and formats the economy, rather than observing how it functions (Callon, 1998: 2).

Economic sociologists inspired by this school aim to show the “making” of economies by economists and key economic actors like traders and analysts, or the economy’s “performativity”. Economics, that is to say, shapes the reality it describes, which partly accounts for its success in describing reality (MacKenzie, 2003; MacKenzie, 2006; Callon, 2007b). This offers a useful starting point, since the theory of the “economic imaginary” has

yet to define the precise mechanisms of how economics shapes reality, which ANT is arguably more attuned to than any rival theoretical school. ANT also provides a mechanism for moving beyond the idea of ideology as false consciousness. Economics, for example, assumes a “natural” calculating agent that supposedly exists somewhere beyond history. ANT does not reject the real status of *homo economicus*, the calculating agent, and instead focuses on how economics itself constructs its object. “Yes, *homo economicus* does exist, but is not an a-historical reality; he does not describe the hidden nature of the human being. He is the result of a process of configuration” (Callon, 1998: 22). This stance has the advantage of not assuming a “true” agency or consciousness that has somehow been betrayed by mainstream economics. It focuses instead on what economics does.

One drawback of actor network theory – for this study, at least – is its relative disinterest in historicising, periodising and politicising its claims. The founding actor network theorists have shown little interest in more traditional critical theories of how inequalities of power and structural domination change over time. This apparent indifference to inequalities *among humans* leads some to claim that, “ANT brings with it a tendency to legitimize hegemonic power relations, ignore relations of oppression and sidestep any normative assessment of existing organizational forms” (Whittle and Spicer, 2008: 622-3). This exaggerates the political conservatism of the school, and others have sought to find a theory of politics and anti-politics in Callon (Barry, 2005). However, to take a crucial example, while the narrowing of focus onto the technical mechanisms of neoclassical economics can be insightful, it can also draw attention away from the more obvious political functions of that discourse. The current discipline of economics is not simply a theory which lacks fit with reality, or a theory which makes and shapes reality; it is equally a *dominant* discourse that allows economic experts to stand above and even settle political debates. It is part of a battle for hegemony – intellectual and moral dominance – in society. Economics has an aura that limits political choices. This aura is clearly a product of a particular era, one in which class struggle has substantially weakened across most Western economies over several decades. Keynesianism, the post-war economic imaginary, was more than an engineer’s vision of market constraint: it was also an unstable pact between social classes during the Cold War.

Equally, many sociologists consider neoliberalism as a new pact between the managerial technocrats and the owners of capital (e.g. Duménil and Lévy, 2004; Duménil and Lévy, 2011). Economics and economies are thus shaped in part by the distribution of power and force between classes, parties, and nations. Economies are imagined in such a manner as to stabilise pacts and alliances between political parties and social classes that characterise particular periods of history. This does not exhaust their reality, but certainly forms part of it. ANT offers little on these more traditional sociological topics.

Still, ANT has added something crucial to economic sociology that would otherwise be missing. It calls attention to the social-technological intermediaries which link economists to economies. MacKenzie calls this “the *materiality* of markets: their physicality, corporeality, technicality” and points out that a “central conjecture of the social studies of finance is that equipment matters: it changes the nature of the economic agent, of economic action, and of markets” (MacKenzie, 2009: 2, 13; italics in original). Equally, in one important field – the divide between human agency and the physical world – ANT is both politically and ontologically radical. ANT thus seems best attuned to those newest, most “cutting edge” features of contemporary capitalism: for example, posthumanism, financialisation, the ecological crisis. It functions less well when we have to confront continuity. This makes it useful when accepted in a generous and non-sectarian fashion, and problematic when accepted in a totalising fashion. In the latter sense, it can deprive us of crucial concepts from both classical and contemporary sociology for understanding inequality, oppression, and the state. Latour, ANT’s most renowned populariser, directly rejects terms like capitalism, power and social class: “we need to get rid of all categories like those of power, knowledge, profit or capital, because they divide up a cloth that we want seamless in order to study it as we choose” (Latour, 1987: 223). Actor network theory has introduced new strategies for breaking down the dualism of economics and economies, in some cases moving beyond the theories we outlined previously. But its appeal is less favourable if accepting it means abandoning the study of “economies” as containers of inequality.

Nonetheless, Bob Jessop has argued that Callon in particular shows that there is considerable room for useful comparison between ANT and a “relational-materialist” view of Marxism. He notes four similarities: “(a) a relational ontology based on the mutual constitution and interpenetration of the material and social linked to a determined refusal of rigid object–subject and material–cultural distinctions; (b) rejection of the fetishistic distinction between the profit-oriented, market-mediated, and self-reproducing economy and other ‘objectively necessary’ functional systems within the wider social formation; (c) denial of any fixed ontological distinction between the ‘macro’ and the ‘micro’ or the ‘global’ and the ‘local’ in favour of their mutual conditioning and continued interaction; and (d) interest in the interaction between mechanisms and strategies that gives some semblance of unity to economic and political agencies, the conditions and points at which these unities can break down, and the mechanisms and strategies that may restore these unities” (Jessop, 2005: 148). For Jessop, however, ANT theorists like Callon present a “soft” economic sociology that denies the importance of “the generic crisis-tendencies and overall directional dynamic of capital in general” (Jessop, 2005: 149). ANT in the strong sense thus denies the idea that capitalist accumulation has an in-built logic, a claim which is central to Marxist sociology.

A second reference point is Boltanski and Chiapello’s reconstruction of the “new spirit of capitalism”. As Fowler has noted, Boltanski’s research has very strong overlaps with French regulation theory (Fowler, 2014: 81), and the authors observe this overlap in the study (Boltanski and Chiapello, 2003: xviii). Generalising the Weberian idea of capitalist spirit to mean “the ideology that justifies engagement with capitalism” (Boltanski and Chiapello, 2003: 8), they trace the span of mass engagement with capitalism from the work ethic through the managerial revolution to neoliberalism. They seek to show how values, emotions and networks that might be foreign to capitalism nonetheless become supports for individuals’ participation in the accumulation project. Thus, the idea of capitalist spirit “makes it possible to articulate the two central concepts on which our analyses are based — capitalism and critique — in a dynamic relation” (Boltanski and Chiapello, 2003: 4). Essentially, this involves a theory of assimilation. In other words, critiques of capitalism in

general, or in the demands of its existing form, can be absorbed into new ideologies that legitimise capitalism. To take the most obvious example, the 1968 rebellion, breaking with authoritarian managerial capitalism, introduced a new vocabulary of personal fulfilment that helped usher in a new era of consumerist adaptation to neoliberal capitalism.

This research has provided a fascinating new angle on studying the durability of capitalist mind-sets, with a refreshing focus on how phases of capitalism absorb the life projects and aspirations of individuals. Boltanski rebukes most contemporary sociology for abandoning the study of capitalism, its initial object, at a time when capitalism had become (arguably) stronger than ever. However, undoubtedly one reason for sociology's relative disinterest in capitalism was the inadequacy of existing theories of ideology: this means we are better able to study capitalism's abstract mechanisms than to understand how these are interpreted by actors. Marxist sociology has thus struggled to explain the population's relative conformity to the system. All the obvious left-wing responses – that people are deluded or simply too oppressed by their circumstances; that people are engaged in everyday silent rebellion that simply cannot be measured; that capitalism actually expresses “selfish” human nature – have proved inadequate. While each of these explanations may be part of the story, none fully explains why capitalism has proved so flexible and even “popular” despite rising inequality and a growing tendency towards crisis. Boltanski offers a useful starting point, emphasising not simply that capitalism can withstand and absorb critique, but that it *needs* to do so. Thus, themes of emancipation, play, and sexuality, which challenged both the traditional “work ethic” and managerial corporations, become the propelling motives behind a reinvigorated capitalism since the 1970s. In Scotland, we must seek to understand how decades of centre-left political control, built around a populist legacy of social justice and opposition to Thatcherism, has resulted in energetically contested economic debates that nonetheless seem to reinforce neoliberal capitalism. We may observe a similar process of assimilation in Scotland, where many of the key actors in neoliberal administration came through a new left critique of Scotland's centralist, managerial, Calvinist culture. The utopia of enterprise briefly became a means of breaking down old hierarchies and undermining old

authority figures, a disruptive force that seemed to attract “rebels” and “non-conformists”, though it quickly became the new conformity. That theme is explored in Chapter 8.

Benedict Anderson’s concept of nations as “imagined communities” is another obvious starting point, since Anderson starts from broadly Marxist premises to reach conclusions about the practical importance of ideology. As he observes, his study aimed “to combine a kind of historical materialism with what later on came to be called discourse analysis” (Anderson, 2006: 227). For Anderson, nationalism is not an ideology if the latter means either false consciousness or a coherent worldview (Balakrishnan, 2012: 203). A strong strand of sociological tradition has contrasted the true communities of pre-capitalism to the false communities of modernity. Anderson offers a more nuanced perspective on this: “Communities are to be distinguished, not by their falsity/genuineness, but by the style in which they are imagined” (Anderson, 2006: 6). This distinction may critically apply to old-fashioned leftism, which rests on contrasting the false community of nationalism to the true community of class. Anderson sees nationalism as closer in spirit to kinship or religion than the modern, total ideologies of communism and fascism (Anderson, 2006: 5). This implies that successful strategies for socialism will have to move through it rather than demolish it. However, as Balakrishnan notes, Anderson does not strictly adhere to the kinship analogy, since he also wants to stress the openness of nations, their capacity to absorb new influences, as opposed to the closed systems of kinship (Balakrishnan, 2012: 204).

Anderson’s study has the very real advantage of moving the study of nations away from a Eurocentric perspective. Indeed, it stresses the context of Third World liberation movements – particularly in South East Asia – as being the animating moment that inspired the study. *Imagined Communities* offers a distinctive stress on the importance of Creole nationalism in Latin America, “linguistic” nationalism in nineteenth century Europe, and the anti-colonial nationalism that created the “Third World”. However, despite his positive citation of Tom Nairn’s *Break-Up of Britain*, the study gives very few clues about how the concept might apply to contemporary Western European (neo)nationalism. Clearly, the latter differs in character from liberation struggles to free colonies from English, French, America,

Portuguese or any other European domination. Scotland also offers no clear linguistic basis for national separateness (Nairn, 1968). In modern times, Scotland never suffered military conquest by foreign soldiers, forced cultural assimilation, or unfavourable trade terms with its metropolitan partner. Scotland's oppression was largely organised through its own ruling class. Its national awakening, meanwhile, does not fit easily into any of Anderson's ideal types, emerging in its fullest form only in the 1970s. Then, its goals were not those of national freedom or cultural autonomy, but a jumble of social themes, from reversing inequality to stimulating the private sector. How does Scottish nationalism's "style of community", to use Anderson's terms, change as a result? While Anderson has effectively demolished the idea of an absolute dualism of Western and Eastern nationalisms, he has arguably not accounted for those nationalisms whose goals cannot be conceived as "national freedom". Contemporary Scottish nationalism also seems to fit very uncomfortably in the category of "official nationalism", and indeed seems to emerge in defiance of British official nationalism.

More problematically, there is limited perspective on how shifts in the capitalist economy might reframe the meaning of national community. An idea of national economic interest has been crucial to contemporary Scottish nationalism, but that idea has been moulded by its context, where state-building means competitive adaptation to the post-Bretton Woods world market. That issue also applies to the failing post-colonial states that animated Anderson's research, where import substitution and capital controls – the bases of old fashioned economic nationalism – have collapsed, replaced by IMF-style "reforms". However, Anderson's clearest direct remarks on national economies can be located outside of his most famous study:

As late at least as the founding of the League of Nations, the conception of "national economy" was generally accepted, and certainly underlay the whole doctrine of self-determination; it received its first undeniably deadly blow only with the World Depression, which struck all nations simultaneously, and which no raising of tariff walls seriously alleviated. National economy, however, also implied a certain

geographical immobility of labour, and a certain boundedness to the communications systems underpinning it (Anderson, 2012: 7).

One hypothesis is that Scottish nationalism – in the broad sense – has more to do with the proliferation of economic spaces since the 1970s than it does with national freedom struggles. Like cities, regions, and localities, it emerges from the new era of transnational regulation and capitalist power, where sub-national spaces must increasingly define and market themselves as self-sufficient agents. A new class of specialists, both academics and policy administrators, has emerged in reaction to this crisis and its new demands of competitive progress. Of course, national liberation movements are often propelled by the worldly ambitions of the new middle class. They are thus, in part, “economic” in character. Overthrowing a colonial oppressor arguably belongs on a spectrum of strategies of adapting to a world market system. Equally, the Scottish nationalism that emerged in its fullest form since the 1970s – via devolution – may draw upon the tropes and language of liberation struggles; but Scottish nationalists rarely express any desire to emulate the political successes of former colonies. Instead, they style their aims around imitating the economic successes of smaller, richer Euro-American economies or regions. To take the Irish case, which encompasses both, the SNP have rarely shown interest in its national liberation movement, and instead focus on Ireland as a low tax European success story. For both leftists and rightists in Scottish nationalism, the aim has been “more economic powers” to undertake a programme of modernisation.

3.4 Critical Sociology and Scotland

Since the 1970s, a growing body of literature has charted the decline of a dominant idea of Britishness and an emerging Scottish consciousness that took both political and cultural forms. For historians, this has formed part of a deeper critique of the unitary Whig version of history, with a growing consensus that Britain was never the undivided state that many studies had once assumed. This new consensus has shaped many recent academic fashions,

such as the growing interest in “four nations” history writing (Pocock, 1975; MacKenzie, 2008; Samuel, 1998: 21-40). Most research on Scotland similarly assumes a revisionist stance towards an earlier idea (real or imagined) of Britain as an inclusive, complete state-building project. However, the extent of Scottish autonomy is still contested, with questions remaining about where autonomy begins, its causes, and its role in scientific thinking. Extreme revisionists consider national and regional autonomy as a given, morally-necessary starting point; here, the researcher’s role is to promote autonomy whatever the facts (e.g. Beveridge and Turnbull, 1989). As Keating argues, these stances may prompt interesting avenues of critical thought, and help demystify old functionalist myths about national unity. But it may also foster new myths of agency (Keating, 2001c; see also Crick, 2008). Equally, these approaches may lead us to ignore the coercive role of states and international economic forces in moulding new state spaces, on the simplistic grounds that allowing small nations to tell their own story is morally superior to competing principles of explanation.

A serious research programme on Scotland is thus constantly faced with the twin dangers of two exceptionalisms, Scottish and British, the former emphasising autonomy for ultimately moral purposes, the latter promoting a supposedly unique British tradition of territorial unity. We may avoid these temptations by using a basis of comparison rooted in broader debates about capitalism, statehood and social change. As the previous sections have emphasised, we will therefore narrow our focus here to sociological studies in the critical tradition of Marx and Weber. This forces me to miss some truly path breaking studies which fall outside these boundaries (Kellas, 1989; e.g. Smout, 1972; Mitchell, 2003; Harvie, 2004; Devine, 1999; Dickson, 1980), but we hope to gain greater clarity by narrowing our focus to a single discipline.

Properly sociological research on Scotland may be grouped into three overlapping phases. A first group emerged in the 1970s, strongly influenced by the fashionable concepts of the time, namely uneven development (Amin, 1974; Arrighi, 1972). North Sea oil provided a strong impulse for these studies, since the offshore industry posed the question of whether Scotland’s “underdevelopment” in Britain – a strong feature of regional politics since the

1930s – would continue. Here, neo-nationalism became a conceptual means of grouping disparate “separatist” movements in developed Europe. A second group, emerging after the first failed devolution referendum and amid a long period of Conservative rule, and during a general academic focus on the weakness of nation states, examined problems of Scottish autonomy. In a political setting where Labour, Scotland’s dominant “unionist” party, had embraced devolution as its cause, these studies often sought to overcome the “unionist” and “nationalist” dichotomy. A last group emerged after devolution, inspired by the troubling fact that Scotland’s centre-left value consensus coincided with neoliberal policies in the new Parliament.

Tom Nairn’s *Break-Up of Britain* (1981) is the most celebrated 1970s study of Scotland in terms of uneven development and neo-nationalism. Although the study consists of diverse essays, its main contributions to the debate on Scotland can be summarised around two claims. First, Nairn argues that a new world era of capitalist development, defined by the rule of multinational corporations, was completing the final collapse of post-Empire Britain. The Scottish issue had re-emerged as a by-product of this, and an emerging epoch of transnational entities would shape Scotland’s national development. This stance places Nairn among theorists who explain Scottish autonomy as a reaction to “external” worldwide pressures, as opposed, for instance, to “internal” explanations which look at Scotland’s culture or changing class structure. Nairn makes this a central point of emphasis. Indeed, the book’s first essay begins with a quote from Otto Hintze on this topic: “External conflicts between states form the shape of the state” (Nairn, 1981: 11). Second, Nairn identifies the central importance of the accidental discovery of North Sea oil, which had hastened Scotland’s adaptation to this new regime. This claim again highlights the contingency of Scotland’s nationalist movement, its roots in a “chance” discovery of the commodity which defined an era of capitalism. For Nairn, the oil industry was the “most critical, and the newest” factor behind Scottish politics. “The oil industry has collided with the country at a moment of extreme and growing debility in the traditional political apparatus...[it] has cut into the pallid corpse of Unionism like a knife” (Nairn, 1981: 130). Oil transformed the terms of Scotland’s adaptation to the 1970s global crisis, and more pointedly, its relationship to

Britain, which Nairn casts in terms of “over-development” (Nairn, 1981: 190). This explains an interesting paradox about the Scottish economy. Worldwide, economic nationalist projects began to collapse during the disruptions of the 1970s. Western states abandoned capital controls and sold-off nationalised industries, while the walls surrounding “Third World” development states were hauled down. But in economic terms oil – alongside US multinational investment in general, Nairn emphasises – gave Scottish nationalism a credence where arguably it had not existed before.

These features of Nairn’s analysis – a focus on how external conflicts shape national consciousness and the disruptive role of the 1970s crisis – gradually fell out of favour in studies of Scottish nationalism. Nairn’s work followed this fashion, as he moved away from his early Marxist inspiration into a more avowedly nationalist perspective (Davidson, 1999), putting greater stress on culture and ethnicity. *The Enchanted Glass* (1988), Nairn’s most acclaimed work, also marked a definitive cultural turn and break from any direct materialist influence. Clearly, Nairn’s theory, in retrospect, has strong elements of exaggeration. It underestimated the ability of a modified Labourism to command support from the Scottish working class. Also, reflecting his earlier work with Perry Anderson, Nairn underestimated the “archaic” British state’s ability to reform itself and adapt to a more competitive phase of capitalism (Callinicos, 1988). A particular oddity is that Nairn stresses the “downward track” of London and the South East English economy, right at the moment when the City and its periphery underwent a renaissance (Massey, 2007; Nairn, 1981: 190; Norfield, 2016). Although Nairn correctly predicts that North Sea wealth would form a major part of London’s wealth, his naming of Scotland as “over-developed” would be deeply debatable after Thatcherism. Finally, Nairn’s work took strong influence from 1970s political projects (particularly Third World development and liberation struggles) which soon collapsed (Harris, 1987). This makes *The Break-Up of Britain* a work of its time. Nonetheless, Nairn’s work does have features which may contribute to future studies. Many recent sociological studies have focused on internal features of Scottish consciousness, with reduced emphasis on Scotland’s shaping by external conflicts and pressures. Although there are exceptions

(Keating, 1996; Cumbers, 2000b), a qualified return to Nairn's early themes could improve our understanding of contemporary Scotland.

An equally important study is John Scott and Michael Hughes' *Anatomy of Scottish Capital* (1980). Scott and Hughes' work provides elaborate detail on the enduring interconnections of Scottish capitalist management amid its gradual decline, a decline driven by shifting UK foreign policy, adherence to old-fashioned management and takeovers. Their data charts networks of ownership and dominance across the whole range of the Scottish private sector. Although their theory is undoubtedly Weberian, their analyses draw freely on classical Marxist terminology, describing Scotland's dominant capitalist as a ruling class, and the webs of interconnection around finance and industry as "finance capital". Most importantly, their study empirically confirmed the idea of a distinct class of Scottish capitalists that rose alongside the British Empire and had an autonomous relationship to it. They also mapped the gradual decline of that class's autonomy, beginning in the inter-war period and accelerating afterwards. A crucial conclusion, which once defined Scotland's distinctiveness, is the absence or relative weakness of an internal Scottish managerial revolution (Scott and Hughes, 1976: 37; Scott and Hughes, 1980: 153-4, 222-3). Corporate management, they show, remained stubbornly under the command of Scotland's firm-owning families and investment trusts. This finding has important implications for how we understand Scotland's decline. It suggests that "Fordism" in Scotland was perhaps more of an ambition than a norm; and it raises questions about the perception that Scotland's economic problems stemmed from an over-mighty culture of management at the expense of entrepreneurial zeal. However, the prominence of this claim also shows how rapidly Scotland's economy has changed. The distinctly Scottish ruling class of independent owners, already in decline when Scott and Hughes wrote the study, has disappeared from public view, replaced by overseas and English owners and a Scottish stratum of managers and financiers. These new hierarchies have rarely received serious study in the sociology of Scotland, although Baird, Foster et al. (2005) is a notable exception.

The troublesome link between uneven development and Scotland's growing autonomy offered a unifying theme to the studies of the 1970s. As we have emphasised, this reflects the influence of fashions of the time, such as the attempted coupling of Marxism with Third World emancipation. Scott and Hughes, for example, the more Weberian of the two studies mentioned, explicitly reference Poulantzas when they describe Scotland's capitalist class as an "interior bourgeoisie" (Scott and Hughes, 1975: 171). These academic and political priorities coincided with Scotland's discovery of North Sea oil, offering a fitting metaphor in which multinational corporations were plundering Scotland's future. Sometimes this led to a more nationalist narrative of Scotland's permanent exploitation by England, a theme which briefly gained serious academic attention (Hechter, 1977). Deindustrialisation gave new fuel to this myth. However, as later chapters will show, such notions were not limited to nationalists (e.g. McGrath, 1974) nor were they always cases of simple false consciousness or national myth-making. Indeed, Scott and Hughes' (1975: 178) argument *against* nationalism explicitly cites Scotland's status as what they call an "interior colony" of English and international capitalism as evidence for why independence would be impractical. So the idea of Scotland as a colony has a deeper resonance. It reflected broad fears connected to adapting to a more predatory form of capitalism which forced authors to fall back on cultural themes of Scottish history, such as the line the playwright John McGrath sketches from the Highland Clearances to oil.

Since most academics now reject this picture of Scotland as England's colony, and since Scotland's economic and social structure had measurably converged with England's by the 1990s, the uneven development theme fell out of fashion (although see Danson, 1990). In coming decades Scottish studies paid far less attention to it, reflecting the "cultural turn" in Sociology as well as the decline of workplace militancy and the growing movement towards devolution. In this second phase, focus shifted onto the Scottish new middle class and the already-existing degree of Scottish autonomy in administrative and cultural affairs. Questions of identity, and the internal relations of Scottish political actors, gained greater prominence than earlier themes of external relations of ownership and control.

Paterson's *The Autonomy of Modern Scotland* (1994) enjoys a justified reputation as being a founding text in contemporary Scottish sociology. Compared to earlier works, it benefitted from a focus on the real work of public policy in Scotland, and the role this played in meaning-construction. This helped refute a myth promoted by both nationalists and unionists, where Scotland acted either as the victim or the benefactor of a unified, controlling British state. Taking aim at these exaggerations, Paterson stressed Scotland's continuing traditions of administrative autonomy, which remained alive even at the height of British imperial power. He uses comparative analysis to show the constraints on "independent" states, arguing that Scotland achieved levels of administrative control that rival many fully-fledged nation states. Equally, Paterson explained the strong role of elites in and around the Scottish Office in promoting an idea of the "national interest" in the inter-war and post-war eras. Clearly, compared to the texts of the 1970s, this marked a significant shifting of analysis. The key actors in this story are technocrats, with the question focusing on their room for manoeuvre and their relationship to a broader Scottish middle class. The weak legitimacy of old centralised power, typified by the Scottish Office, coincides with and helps unleash the revolt of a newly individualised middle class, who become the agents of devolution.

Paterson regards this as emblematic of broader trends in Western societies: "Rule by experts now attracts more searching criticism than it did when the priority seemed to be to solve the poverty and social deprivation left over from the nineteenth century" (Paterson, 1994: 163). This clearly positions his critique in theoretical terms – as Weberian – and in historical and political terms as belonging to an era defined by New Left and New Right scepticism about the "bureaucratic welfare state". Given the influential nature of this study, we might question what biases might be contained within its choices of theory and object. For one thing, a focus on the technocrats potentially obscures the degree to which private capitalist interests have dominated Scottish politics, a claim explored in this research. Paterson does not consider the economic autonomy in great depth, and where he does, the question revolves around administration rather than "private" capitalism. Under the broad heading of Scottish autonomy, another story could be told, with working class movements and

capitalist interests taking on greater prominence. This story would converge with Paterson's in some areas, and diverge in others. Paterson focuses on the weakening of Scottish Office power, but the weakening of the Scottish capitalist class, as a unique political and economic force, is arguably of an equally drastic scale. Without considering this, it becomes difficult to appreciate the underlying difficulties of Scottish Conservatism and the centre-right more broadly, a truly exceptional feature of Scotland's politics before 2016.

Another post-Thatcher work that strongly influenced Scottish sociology is David McCrone's *Understanding Scotland: The Sociology of a Stateless Nation* (1992). Much of McCrone's text consists of challenging the influence of ideas of uneven development, dependency, and even "colonialism" in post-North Sea oil Scottish sociology. Against these trends, McCrone notes that Scotland's growing sense of autonomy in cultural and political behaviour coincides with social and economic convergence with England (McCrone, 1992: 198).

McCrone's case against outdated models of uneven development and "colonialism" is undoubtedly persuasive. However, I would argue that the intellectual collapse of such analysis may have weakened Scottish sociology, drawing attention away from the pressing, persistent issue of Scotland's under/over development in history and politics. Of course, today Scotland is structurally similar to England, and, putting London aside, its GDP is on par with the British average. Clearly, such an economy is not simply a satellite periphery, far less a colony; nor is it an overdeveloped region held back by a sluggish aristocracy in the capital city; and any explanation of Scotland's *political* distinctiveness that cites these as causal factors will be false. But does this recent convergence not warrant analysis itself? What implications has Scotland's "catch up" had for class structure, e.g. Scotland's extraordinary level of external/RUK ownership? And could we offer a more sophisticated alternative that would take account of these factors, while retaining the importance of these themes in Scottish history? Recent Marxist research, for instance, has revived Trotsky's notion of "uneven *and combined* development" as an alternative to cruder models (Davidson, 2009; Allinson and Anievas, 2009; Callinicos and Rosenberg, 2008). Crucially, this concept encompasses the process by which "laggards in capitalist development seek to catch up, and

eventually succeed in catching up, with the leaders of that development” (Arrighi quoted in Davidson, 2009: 10). Equally, I would emphasise that we must understand the narration of unevenness, how this can constitute spaces as economies, and the strategies involved in overcoming a perceived “laggard” status. Part of my goal with this research is to address these gaps.

McCrone’s explanation for Scotland’s divergence emphasises Scottish elite attitudes, particularly their dissonant relationship with Thatcher’s project. He observes that Scotland’s “most likely social carriers of neo-liberal, free market values”, the Scottish bourgeoisie, had been greatly weakened as an autonomous force, and seemed to lack the strength to impose neoliberal policies (McCrone, 1992: 143). That conclusion is similar to the one adopted here. However, with hindsight, McCrone, like Paterson, may have overestimated the capacity of Scotland’s public sector-oriented elites to resist the broad thrust of Thatcherite policy. Private finance initiatives, virtual market mechanisms, and the new public sector management epitomised New Labour’s rule in devolved Scotland. Scotland’s values and identity may have diverged, but its policy programme mirrored Westminster’s “Third Way” consensus.

This phenomenon ushered in new debates on how to read Scotland’s post-devolution politics, in a country ruled by the centre-left in theory but administering pro-business policies in practice. A small group of left-wing academics, discussed below, and activists rejected or denounced the reality of devolution, describing it as part of a move to a more advanced form of neoliberal administration. However, mainstream Scottish journalism and politics initially defended a new individualism and mobility as a break with Scotland’s moralistic and small-c conservative traditions. The politics behind these arguments are explored in chapter 8. However, here we can trace precisely how sociology adjusted to these new terms of debate.

From within Sociology, McCrone, Paterson and Bechhofer's data-driven *Living in Scotland* (2004) presents arguably the most optimistic view of post-Thatcher, post-devolution Scotland, although its tone is undoubtedly ambivalent. Presenting a detailed statistical survey of many parts of Scottish life, the study's focus is on structural changes in employment and lifestyle patterns. It brings empirical depth to questions posed in their earlier studies, of how Scotland's centre-left voting patterns coincide with a social and economic structure and even public attitudes similar to its more right-leaning neighbours. "The conjunction of middle class economic position and left-of-centre politics makes the direction in which Scotland is going rather different from its southern neighbour, and perhaps, in the long term, more akin to that of the Scandinavian countries than it has been for many centuries" (Paterson, Bechhofer et al., 2004: 102). This suggestion that devolved Scotland might be moving away from the broad direction of neoliberalism has made *Living in Scotland* a controversial text. Critics from the left, led by Law and Mooney, charge that the authors ignored the neoliberal transformation of Scotland, and, indeed, that they had become intellectually complicit in these changes (Law and Mooney, 2006). McCrone and Bechhofer have responded that their work has been misrepresented by "selective quotation, inaccurate statements, and unacceptable inferences from *what* we say to *why* we say it" (Bechhofer and McCrone, 2007: 253; italics in original). This controversy places *Living in Scotland* at the centre of sociological debates about the identity of devolution. Part of my study's aim is to cast greater light on this debate, to understand precisely what neoliberalism meant in Scotland.

Living in Scotland is not recognisably a work in the New Labour mould. Although the authors characterise Scotland's post-1970s social changes as "largely benevolent" (Bechhofer and McCrone, 2007: 255-6) – a value judgement some, including me, would question – they qualify this by presenting continuing, damaging inequality. Though they arguably present poverty through the Third Way lens of "social exclusion", the authors state that only higher taxes can solve Scotland's social problems, claims that would make serious Blairites more than uncomfortable. Politically, the book belongs on the moderate, reforming centre-left,

and, compared to the perspectives outlined in chapter 8, it stands substantially to the left of mainstream Scottish politics during devolution.

However, despite painting a vivid picture of Scotland's move from manufacturing to services, *Living in Scotland* says very little about Scottish capitalism. Top earners and company owners are not considered, and the rise of finance and banking within Scottish business is mentioned only once. This seems peculiar: although a specifically Scottish class of top industrialists was more difficult to detect than in previous decades, it seems clear that, globally, private capitalism had grown in significance and dominance. Scotland's relationship to these changes clearly deserved greater examination. From a Marxist perspective, the book misses key changes in relationships of exploitation by placing its focus overwhelmingly on the professional middle class. Perhaps most importantly, it reflects the priorities of its time. After 2008, Scotland's neoliberal transformation and its banking elites would be harder to ignore for academics from any political background. Equally, oil's structural importance would be far clearer after the economic debates of 2014 and the North Sea sector's collapse the following year under the stresses of global price movements. More broadly, capitalism and inequality have returned to the academic agenda in Western countries (Piketty, 2014), and future analyses of Scotland will have to pay greater attention to the politics of the working class and the business elite in explaining support for and resistance to nationalism (see chapter 9).

While deriving more from a political science than from a sociological perspective, Michael Keating's studies of Scotland deserve mention for offering a different theoretical take on devolution (Keating, 2001b; Keating, 2001a; Keating, 2009). Like the so-called "Edinburgh School" (Hearn, 2002: 766), Keating belongs politically on the moderate centre-left and on the moderate wing of Scottish devolution. However, his theoretical stance on Scotland is far more focused on trading regimes and the growth of transnational regulation, the "external" factors which have forced Scottish actors to reframe the nation-building project.

"Nationalism has historically been associated with the state and state-building. Yet in a world in which the state is in many respects weakened, penetrated by transnational and

sectoral interests, nationalism appears to be resurgent” (Keating and McGarry, 2001: 19). In many ways, Keating’s main themes have strong overlaps with some of the broader theoretical literature cited above, in particular radical social geography. We may also observe some points of similarity with Nairn’s early themes, at least in the sense that it focuses on state-level responses to external trading environments and the links connecting Europe’s “neo-nationalisms”. Keating shows that such analysis continued within the centre-left of Scottish research, but mostly from outside the strictly Sociological tradition.

After the crisis of 2008, critics of devolution and mainstream sociology in Scotland intensified. Marxist historian and social theorist Neil Davidson, better known for his work on early Scottish capitalism, collected some of these critiques in the co-edited book *Neoliberal Scotland* (Davidson, McCafferty et al., 2010). Davidson claims that Scottish devolution reflected a general trend since the 1970s, where managers of capitalist states had sought to push responsibility downwards to local government, workers and consumers. “In the case of devolution the assumption is that the people most likely to participate in local decision-making will be members of the middle-class, who can be expected to behave, en masse, in ways which will impose restrictions on local taxation and public spending, and thus maintain the neoliberal order with a supposedly popular mandate” (Davidson, 2010b: 335). Like McCrone and Paterson, Davidson has emphasised how Scottish state managers and politicians have constructed and mobilised an idea of the Scottish (and, indeed, the British) national interest. Davidson, however, adds a Marxist slant by looking at how state managers are constrained by patterns of capital accumulation and class rule. In earlier phases, this had consisted of cross-class campaigns to save Scottish industry from collapse (Davidson is explicitly critical of these campaigns). Under devolution, however, a broader idea of neoliberal competitiveness gradually absorbed the Scottish national interest.

Davidson’s argument, which is broadly similar to our stance here, is that under devolution Scotland was converging in ideological and political terms with neoliberalism despite continued centre-left voting patterns. This view makes Scotland a crucial test case in how parliamentary politics, policy and the broader ideology of neoliberalism are connected. It

encourages us to define precisely what we mean by neoliberalism, especially because Scotland, under devolution, was moving towards what could be seen as a “bigger” government which, superficially, represents the opposite of the aims of neoliberalism. Indeed, outright market reformers regularly claimed that under devolution “big government” was “crowding out” private enterprise (Birch and Cumbers, 2006; Monteith, 2007). Still, all the standard elements of neoliberal discursive practice became entrenched in the Holyrood era. This fact highlights the importance of distinguishing between phases of neoliberalism. What Davidson calls vanguard neoliberalism is the period associated with Thatcher and Reagan, the leaders explicitly concerned with breaking the power of trade unions and enforcing radical “anti-reforms”. Later decades saw a phase of “consolidation” neoliberalism, as centre-left parties adjusted their policies to accept the broad terms of privatisation and deregulation.

Curiously, Davidson does not directly draw the conclusion that forms part of this study, that important sections of Scotland rejected the vanguard, “destructive” phase of neoliberalism – Thatcherism – but incorporated the second into their nation-building project. This to me explains why neoliberalism was partly experienced as an outside intrusion into a comfortable Scottish culture, despite the enthusiasm of Scottish elites for many parts of neoliberal practice where they represented “modernisation”. Davidson also does not explain the appearance of popular support for many neoliberal policies, how this came about and how it impacted on policy. These omissions may be because Davidson’s thesis concentrates on critique – in essence, proving academic and intellectual complicity in neoliberalism – rather than theory-building. Davidson’s theory-building has largely concentrated on the origins of capitalism rather than the current phase (Davidson, 2010c; Davidson, 2003; Davidson, 2004; Davidson, 2005). Whether the concepts that define his historical work – combined development, for example – can apply to the current Scottish situation is unclear. This suggests the need for follow-up work on the precise forms taken by Scottish neoliberalism, and how this relates to the new conjuncture of nationalism.

An overlapping set of concerns may be observed in radical social geography, a sub-discipline which provided some of the most interesting critiques of the early period of Scottish devolution (Cumbers, 2000a; Cumbers, 2000b; Cumbers, Helms et al., 2010; Helms and Cumbers, 2004; MacLeod, 2002; MacLeod, 1998; MacLeod, 1997; MacLeod, 1999). Their research aims to capture similar trends observed in this research, namely the reframing of economic spaces around a disciplinary rhetoric of enterprise. Regulation theory provided one strong influence on this project, as did Marxist urban theory, particularly Neil Smith's research on gentrification (Smith, 1996) and Harvey's model of city governance in terms of the move from "managerialism" to "entrepreneurialism" (1989). Given its roots in the Anglo-American branch of regulation theory, much of this research concerns itself with post-1970s disturbances in the scaling of capitalist accumulation, i.e. the decline of the hegemonic role of the nation state. However, given the political context of the time, marked by New Labour dominance, they largely focus on the growing prominence of urban space. Rhetorically, this factor has probably declined since this research was conducted. Nonetheless, this school of researchers did much exploratory and original work on how adaptation to a new capitalist regime had shaped the discourse of devolution.

In the 1970s, the sociology of Scotland focused on uneven development, capitalist interests and external relations under the influence of Marxism, Third Worldism and radicalised Weberian sociology. By the 1990s, these themes had shifted. The focus was now the new middle class, the public sector, and internal processes of identity-construction. This generalisation does not mean that 1970s sociologists ignored identity questions, or that development, exploitation and capitalism entirely disappeared from 1990s sociology. Nonetheless, the shift in priorities over time is clear. This led to a period after devolution where Scottish sociology struggled to adapt to neoliberal convergence. The strategy I have adopted is partly a return to the capitalist economy as the major topic of interest. However, I accept that this means bypassing a crude academic legacy where Scotland's economic differences with England have taken on causal importance in explaining Scottish political divergence. This highlights the need to analyse the economy "in its inclusive sense", and more particularly, the imagination of economies as central features of their reality.

3.5 Conclusion

In recent years, a dynamic relationship between Scotland's capitalist economy and nationalism has dominated Scottish politics. However, sociological research on Scotland has moved away from economic questions, meaning that Scotland's main political debate is dominated by a mainstream idea of economics. What undoubtedly began as a centre-left challenge to social injustice under the current order thus reinforces the inevitability of neoliberal capitalism. This study is not about offering an alternative vision of the Scottish economy, although I hope it can contribute to that. Instead, it aims to show how this debate emerged by looking at the different ways in which the Scottish economy has been imagined over several decades. In doing so, I wish to emphasise the contingency of our object: not just the Scottish economy, but the idea of sovereign economic spaces within capitalism. The beginnings of this critique emerged in the early years of devolution, and re-emerged after the financial crisis, but the project has never been completed.

A broader theoretical perspective on capitalism is vital, and we may draw on elements on classical social theory to understand this. But to conceive the sense of inevitability that increasingly attaches itself to our economic system, we must turn to the discourses surrounding it, particularly those which emerge when the system seems most open to challenge. Critical theory thus seeks to understand "lived crises": not just dysfunctions of the economy, but the cultural dimension around them. Bob Jessop's project of linking regulation theory to discourse analysis offers a promising starting point to understand this narrative process. I aim to offer a small contribution to a growing conceptual field – cultural political economy – and to the sociological analysis of Scotland.

Chapter 4: Regional Policy, Planning and the Emergence of the Scottish Economic Imaginary Before the 1970s

4.1 Introduction

As the Introduction explained, discourse on the Scottish economy grew significantly in the 1970s under the influences of oil, EEC entry, and the emergence of a cross-class alliance around the Scottish interest. The coming chapters explore these themes in greater depth; this chapter examines what preceded them. It sketches the beginnings of efforts to identify, privilege and stabilise Scotland as a distinct economic entity, and also tries to establish what leading Scottish economic intellectuals talked about before they talked about “the economy”.

The first official discourses to imagine a self-functioning Scottish economy appeared after World War II under the influence of regional policy, defined as “giving private firms incentives to behave in accordance with the spatial goals of public policy” (Halkier, 2006: 22; McCrone, 1969a; Parsons, 1986). This perspective offers the earliest comprehensive attempt at researching and governing Scotland’s economy as a unit with its own momentum. Within it emerged a diagnosis of a particularly Scottish economic problem. The broad consensus held that Scotland had a “structural” difficulty, having had too much heavy engineering in its mix of industries. This made the region particularly vulnerable to external shifts caused by war and peace and by changes in the foreign markets that provided vital sources of demand. Having identified the problem, regional policy became the solution. Government aid to and preferences for (parts of) Scotland as “development areas” aimed to keep existing firms in the region and to direct new plants to areas of unemployment. Labour politicians and technocrats influenced by “planning” particularly led the way in seeking to bring light

industry into the country. The dominant bloc of Scottish capitalism grouped around heavy industry also tried to dominate this debate and bring in inward investors. However, Scottish business leaders aimed to frustrate anything that looked like government intervention in industrial management and to keep collectivism within voluntary, even “individualist” lines.

Two main contradictions caused this perspective to evolve over the course of the post-War era. First, regional policy initially acts rather like an economic means to achieve social policy, seeing Scotland not as a whole economic area but as a set of “black spots” of unemployment. However, the planning discourse evolves, and the goal of regional policy becomes “growth”, a perspective which encourages planners to view Scotland as a whole entity, concentrating increasingly on its potential areas of strength or “growth poles”. The two aims were not always consistent with one another. The second contradiction concerns power over management and ownership. Initially, regional policy appears as a radical measure to confront the growing London/South East dominance in British capitalism. Scottish capital led the efforts to bring American and English plants into Scotland, and such measures gained cross-class support, while government planners actively sought to constrain factory development in “congested” zones like London. However, doubts began to emerge that regional policy was achieving the opposite of its intended purpose. Critics said it was aiding the *centralisation* of ownership and control in London and in metropolitan centres elsewhere, particularly America.

In section 4.2, I show the background to this perspective in previous imaginings of Scotland’s industrial future built around the Empire and individualism. Section 4.3 explores the uneven origins of regional policy. The next section looks at Thomas Johnston, the ambitious Scottish Secretary of State widely associated with planning, and shows how his project was frustrated. Section 4.5 looks at statistics, since this provides the main way in which economic units take on the aura of scientific objects and thus they become central to the “imagining” of economic nations. In this case, we are largely concerned with the apparent *absence* of statistics. Section 4.6 examines the *Toothill Report*, perhaps the most

famous economic report in Scottish history, which crystallises a move in regional policy away from “black spot” perspectives onto a “growth” perspective. Section 4.7, last, looks at inward investment, the ultimate go-to solution for Scotland’s structural problem.

4.2 Precursors: Laissez Faire and Empire

Regional policy forms the earliest systematic attempt at imagining Scotland as an economic whole in order to improve its performance through deliberate action. However, it did not emerge in a vacuum. Here, I want to establish what official Scottish thinking talked about *before* this perspective on “the economy” was first discussed, i.e. before regional policy. Two main themes dominate Scottish political economy in the 1920s and 1930s: an ethic of patriarchal individualism that business owners sought to portray as a national culture to combat socialism after Red Clydeside; and the framing of “national” projects through the broader project of Empire. Both themes continue to overlap when Scotland becomes an object of regional intervention. The regional policy perspective emerges as a break from these earlier frames, a move towards collective solutions and to a tighter focus on the British territorial state rather than a more extensive focus on the Empire. But the earlier ideas also fed into Scotland’s regional perspective in crucial ways. Scotland’s heavy engineering capitalist families retained much of their power to “voice” Scotland’s economic views long into the 1960s and 1970s, albeit with interruptions, and they meanwhile continued to export capital overseas to established Commonwealth trading routes.

4.2.1 The Laissez Faire Patriarchal Bloc

The early history of Scotland’s main development institutions revolves around industrial families of a distinctly individualist outlook. The Scottish Development Council, Scotland’s first corporatist body of this type, formed during the Great Depression to offer a national lobby for the Scottish economic interest before the Scottish Office had economic powers of its own. The Council’s leaders were Sir James Lithgow (chairperson), Sir Steven Bilsland

(vice-chair), and Lord Weir. All three businessmen combined economic and political power: Lithgow and Bilsland were active in Scottish Conservative politics and strong opponents of trade unionism, while Weir had been influential in fighting the dilution dispute with the Clyde Workers Committee (MacKenzie, 2010). Through mergers this grouping helped spawn the Scottish Economic Committee and the Scottish Council (Development and Industry) (SCDI), the institution that would dominate Scottish economic thinking until the 1970s. These coalitions gave particular business families significant power to frame the Scottish economic interest in their own terms. "The Scottish Economic Committee...although composed of individual businessmen, was taken so seriously by the government that it can be regarded as virtually part of the state" (Cameron, 2012: 629). From our contemporary perspective, the curious feature is that Scotland's interventionist legacy, often blamed for sapping individual enterprise, starts with businesspeople of a highly individualist spirit. Indeed Lithgow's biographer notes that, "It was quite in the Scottish tradition that this body [the Scottish Development Council] should be a voluntary one, though as representative of the various sides of Scottish life as its organizers could make it" (Reid, 1964: 149). In a speech, Lithgow tries to reconcile his individualism with new social trends by arguing that the success of collective institutions will depend on the character of the individuals that constitute them:

Years of sentimentality in high places and of indifference in individuals have fostered the idea that Governments, Combines, Councils and Committees can look after our welfare. All these bodies are at best made up of individuals, and the usefulness of their measures, programmes and suggestions depends upon the wisdom and energy of the individuals of whom they are composed... This element of individual industry alone can make a country great. Dependence upon others leads merely to a drift downstream, and to the ultimate failure of the whole country (Lithgow, 1932: 6-7).

How does this section of Scotland become the dominant, indeed often the sole, voice behind institutions of collective "national" reform? Certainly, critics at the time looked on this as

hypocrisy. Thomas Burns of the Labour Party left called these Scottish institutions “the best imitation of a Fascist Board we have yet seen in Great Britain” (Burns, 1937: 19-20). He lamented the fact that “a non-democratic big business regime” had become “*the* authoritative body to guide Scotland’s economic destinies” (Burns, 1940: 18; italics in original). Moreover, he noted that “the real rulers of Scotland today are not the Secretary of State or the democratically elected Scottish MPs, but a group of heavy industry magnates headed by Sir James Lithgow who control nearly the whole Scottish heavy industry” (Burns, 1940: 9). Burns also tended to blame London control for the problem: “Political control over Scotland is weak and 400 miles distant, whereas Lithgow’s economic control is a strong and ever-present reality...” (Burns, 1940: 9). Nonetheless, this does not explain why Lithgow and his close allies Bilsland and Colville took a turn towards collective planning.

One explanation is growing class awareness among the employers after Red Clydeside. As Foster and Woolfson observe, “While the phenomenon of Red Clydeside may, or may not, have meant the growth of large-scale class consciousness within the work force, it certainly induced an acute class anxiety among the Clydeside employers” (Foster and Woolfson, 1986: 86). The writings of Clydeside employers in the 1920s are thus more likely to talk about the threat of workers’ control than about the Scottish national picture. William Weir (1922: 19-20), for example, used his James Watt Anniversary Lecture to voice his anxieties about “encroach[ment] on managerial control” which he blamed on “academic thinkers and doctrinaires” who had “imposed” the notion of factory control onto workers. Crucially, consolidation, rationalisation and reforms to limit trade union power were to be achieved through the associations of employers via their influence on government.

However, in the 1930s conservative figures started to acknowledge that Britain’s traditional mode of individualism was being supplanted on a global level. A new idea of national integration was beginning to emerge. “Governments, and States, are no longer merely geographical or political units,” noted Conservative Secretary of State for Scotland Walter Elliot, “but are economic units which every kind of intercourse - industrial, agricultural or commercial - has to take into consideration” (Elliot, 1934: 9). The key variables here are the

Great Depression, the rise of corporations run along “Fordist” mass production/mass consumption model, and growing opposition to British world power, both from below (anti-colonial movements) and above (from America and Germany). Together, these bring about the sense of existential peril in Scottish capitalism that forces actors to think in defensive national terms.

Industrial economies suffered the deepest impact of the broader 1930s crisis and the resulting retrenchment in British imperial and trade policy. Obvious evidence of poverty (overcrowding, unemployed workers, emigration) and waning competitiveness in world markets led some interwar thinkers to diagnose a cultural malaise and a decline of Scottish civilisation (Gibb, 1930; Finlay, 1994). This sense of peril forced dominant groups to issue a “national” response. Lithgow’s class believed that Scotland’s “free trade” privileges in the Empire had made the country strong through individual initiative and the work ethic. However, they increasingly faced organised capitalist rivals, oligopolies managing their affairs through the state. This presented the menace of collective influence over the workplace, which Lithgow identified as the main barrier to progress. However, he openly accepts the crisis that collective capitalism posed for British capitalism, while insisting that Britain is spiritually opposed to such trends:

On the one hand we know that Great Britain owes her advanced place in industrial development largely to individualism. On the other hand, we observe that our foreign competitors have been organising their industrial efforts along mass production and large co-operative lines, as expressed by huge plants, combines and cartels. While these methods have much to commend them, our past history makes it clear that the Briton – and not least the British Manufacturer and workman – does not take kindly to discipline and impersonal organisation. I cannot help thinking, therefore, that in approaching this question we should keep in view the possibility that mass production methods may be best adapted to British conditions by modifications which will give the British characteristic of individualism some place in the scheme of things (Lithgow, 1932: 3).

Here, to rescue individualism, Lithgow assumes a combined (British) “national” characteristic that spans workers and capital. British workers define themselves by craft skill, as opposed to Fordist/Taylorist-style automation and its managerial style: the British worker does “not take kindly to discipline and impersonal organisation”. Yet Lithgow does not pretend that Britain can ignore mass production’s advantages; the task is to preserve British individualism within the new, more socialised system.

4.2.2 The Frame of Empire

Crucially, Lithgow recommends that the main means of achieving this would be further socialisation and greater organisation of the Empire. As he explains,

The goal is an Empire organised as one united industrial unit. If the Empire were suitably mobilised and co-ordinated, so that each part developed in particular such resources and products as its peculiar natural advantages fitted it to do, the British Empire would be able to supply its own wants and the wants of the world under better economic and social conditions than at present exist (Lithgow, 1932: 4; my italics).

Here, a more socialised, consolidated and extensive Empire becomes the alternative to a more intensive British territorial state. The virtue of the former is that it restores the element of individual initiative, and, implicitly, allows for keeping down wages and controlling trade union influence. This reflects a goal that undoubtedly crossed the top levels of Scottish capitalism. Lord Weir’s lecture a decade before also called for “mak[ing] the term Empire have a real meaning in an industrial sense” (Weir, 1922: 18). The following passages shows how Weir framed economic management through the lens of Empire:

If we are to support 46 million people by industrial effort, it would appear reasonable that we should be regarded as the *industrial processing unit of a self-contained Empire*, and if tariff walls are necessary at all, surely they should not take the form of internal bulkheads, but of a *fence round the whole field*. No industrial country ever had such a potentially strong background of natural wealth for exploitation and development as we have in the British Empire, and on the proper and appropriate development and distribution of activity over the different units of that Empire our entire future depends (Weir, 1922: 19; my italics).

Crucially, where Weir calls for “regarding the country as a manufacturing or producing unit” (Weir, 1922: 7), he is using the phrase “the country” synonymously with the Empire. (The “46 million people”, meanwhile refers to the population living in Britain). Weir’s vision of overcoming the post-World War I slump involves a heightened division of labour, with Britain’s colonies focusing more intently on agriculture while Britain itself focuses on being “the industrial processing unit”. The Empire here, again, becomes the alternative to “interference” in private business management by the British state and potential Labour governments. There was thus a longstanding position, issuing from the greater competitive strains on British industry, that Scottish interests could rescue an individualist position by looking to the Empire rather than the State. Closer consolidation of the Empire serves to offset controls on business power.

Although these voices dominated the first Scottish development institutions, they did not speak for everyone. I have already cited Thomas Burns’ criticisms of this bloc. In a 1937 pamphlet titled *A Plan for Scotland*, Burns explicitly argued for Home Rule built around economic planning to solve Scotland’s crisis. “Today for a country to be without a government to plan is economic death,” Burns argues. “It is just such a lingering economic death we are witnessing in Scotland today. For Scotland, which needs planning more than any country in the world, has no government to plan” (Burns, 1937: 10). Burns stands the most radically opposed to the Lithgows, Colvilles and Bilslands at the top of Scottish capitalism, who he accuses “of a complete economic dictatorship over Scotland” (Burns,

1937: 18). Moreover, Burns goes much further than his fellow Labour Scotland leaders in condemning imperialism in general, and Scottish capitalism's links to it in particular. However, crucially his picture of Scottish development still devolves foreign affairs and Imperial matters to Britain (Burns, 1937; Keating and Bleiman, 1979: 126-7).

James Bowie's *The Future of Scotland* is notable for its Keynesian and New Deal themes. Bowie was a technocratic figure (the director of Dundee School of Economics) rather than the inheritor of a firm and fortune. He addresses the failure of the Scottish form of individualism presented by Lithgow:

There is a greatly cherished Scottish belief that liberty consists in frustrating government. The intricacy of a technical civilisation has made this old-fashioned attitude not only useless but dangerous. We need a new conception of the state as something more than a protector against invasion or as the restrainer of malefactors. The state in its new function as the architect of economic life would review our industrial and social structure to the end that waste, unemployment, insecurity, poverty, crime and ill-health be eliminated, it would aim to satisfy real demand, to promote the steady rise in standards of living, and to regulate the pace of technical change (Bowie, 1939: 154).

Bowie's imagination of a Scottish recovery stands in stark contrast to Lithgow's: the new state becomes the "architect of economic life", clearing away waste and inefficiency through collective plans. Indeed, Bowie, in calling for a deepening of the state's role in business, articulates everything that Lithgow wished to suppress. So alternatives existed. Nonetheless, Lithgow's call for a socialised British Commonwealth gained cross-class support, and the Empire continued to play a key framing role for collective as well as individualist solutions to Scottish decline.

To prove this, we must consider how “Commonwealth” themes dominated the ideas of seemingly oppositional political movements. The main political result of Red Clydeside was the growth of a bloc of left Labour ILP leaders, including James Maxton, Tom Johnston and John Wheatley. These figures were not conventional British nationalists: indeed, most started as strong supporters of Home Rule, if not outright independence; some even became associated with anti-English sentiment. Nonetheless, a continuous theme throughout their careers was strong support for the Commonwealth. As a biographer notes, Wheatley and Johnston, who “were to provide the economic thought of the Scottish Labour contingent at Westminster...stressed the themes of under-consumption at home *and* abroad; the undercutting of domestic industry by foreign competitors who used sweated labour; *trading within the Empire; and the Empire as an instrument of socialist progress*” (Walker, 1988: 60; my italics). Wheatley wrote in 1924,

We must learn to think of Imperial affairs as being really Home affairs. The British Empire will be very soon as close and compact as Britain itself was a century ago (Wood, 1990: 148).

Although pacifism played a clear role in Clydeside history, the Commonwealth itself was separated out from the wars surrounding it. Scottish Labour favoured reform of the Empire, but nonetheless saw the trading bloc as a potential instrument of social democracy. Even Bowie asserted that, “The best way to make Scotland a powerful partner in the Empire is to treat her as we have treated our dominions and to grant her successive instalments of power to set her own house in order” (quoted in Harvie, 2004: 59).

A similar ambivalence is a feature of early Scottish nationalism. Given its roots in Unionism, this is perhaps unsurprising; despite being a fringe project that never gained strong support at elections, it gained support from grandees like Lord Beaverbrook, who remarked in an *Express* editorial:

Scottish Nationalism would give Scotland control of her domestic policies while securing her in her present share of Imperial concerns. That is a splendid project. It would bind the Empire more closely together (quoted in MacCormick, 2013: 60).

These sentiments reflected much of mainstream Scottish nationalism and the Home Rule movement of the time. In the 1930s, under economic pressures, pessimists within the Scottish establishment including the Duke of Montrose and the *Daily Record* editor R.D. Anderson expressed growing support for independence within the Empire. In response, nationalist leader John MacCormick wrote, “The National Party has all along advocated National status for Scotland within the British Commonwealth of Nations...demanding for Scotland a full voice and share in the government of the British Commonwealth or Empire” (quoted in Finlay, 1992: 193). A leaflet for Sir Alexander MacEwen, the first SNP leader, contains a quote praising his “stand for Scottish self-government and Imperial unity” and remarks that he will “work for the welfare of Scotland and the Empire”.³ Andrew Dewar Gibb, SNP leader from 1936 to 1940, argued:

the position of Scotland as a Mother nation of the Empire is at all costs to be preserved to her. England and Scotland occupy a unique position as the begetters and defenders of the Empire. They alone of all the Aryan peoples in it have never been otherwise than sovereign and independent (quoted in Finlay, 1992: 196-7).

Both nationalist and Labour movements had internal critics of these views. Nonetheless, for their dominant leaders, the road to respectability and economic “competence” ran through the Empire.

³ This appears in an undated election leaflet contained in the reading materials at the National Library of Scotland.

Opponents of Unionism found that, by appealing to the common interests of Scotland in a better-organised Empire, they gained social and economic legitimacy. For Lithgow, a closer-knit, deepened trading regime allowed for keeping the state out of private business. Political opponents projected a different vision, with Scotland as a unit within an organised Commonwealth, where a more directive state would tackle the symptoms of industrial decline and, perhaps, provide greater influence for trade unions. Nationalism took a middle road between these positions.

Regional policy seems, on the surface, to reflect a radical break with the past: the Keynesian state, the rise of professional expertise, the growth of large, formally-rational corporations, and the transition to an American-led world order. But, in Scotland, it sat on top of inherited traditions, and the moves towards a more intensive state had already begun within them. Scotland's heavy industry leaders certainly received a shock to their power with the aftermath of World War II. Nationalisation transferred power over coal and steel to London, while inward investors gained greater control over SCDI. However, steel had been denationalised by the 1950s, and the heavy industry bloc retook power over SCDI in the 1960s, and this voluntary group provided most counsel on Scottish economic matters until the mid-1970s. Meanwhile, the Commonwealth continued to provide a basis for trade and for "national development" well into the 1960s (Glass, 2014: 20-1). Regional policy thus incorporated much of the economic imagination that it sought to surpass in an evolutionary manner.

4.3 Regional Policy: Blackspots and Growth Poles

Nonetheless, undoubtedly a new approach to the needs of the Scottish economy emerges, independent of Empire and to a degree independent of individual businesspeople, through the framework of regional policy. As an economic imaginary, it intellectually prepares and defines Scotland and its parts for the purposes of deliberate intervention. Both mainstream accounts (Fairley and Lloyd, 1995) and approaches in the critical theory tradition (Amin,

1999: 365; Jessop, 1993; Martin, 1989) have seen regional policy as an extension of Keynesianism to the question of uneven spatial development. It certainly coincides with the rise of Keynesian dominance at UK level, and both seem to emerge from a political consensus for deliberate government action to tackle unemployment. However, in practice the equation is more complex. As Foster and Woolfson observe, “the Keynesian economists in government service were more than a little suspicious of regional planning” (Foster and Woolfson, 1986: 24-5). Economically, regional policy measures to clean up “black spots” of unemployment seemed to interfere with managing demand from the centre of government, the defining Keynesian “technology”. We should be careful, therefore, to remember that the economic imagination can incorporate social compromises as well as pure economic theory. Keynesianism thus involves an uncomfortable overlap between the pure economics associated with its founder, and the social pact between classes and parties that supported it, the “hegemonic project”. As Michael Mann observes, Keynesianism “was also the product of a broader ideology of reformism that embodied some pragmatic compromise of the class struggle that swept across the Western world as a result of World War II” (Mann, 2013: 129). Regional policy appears because such levers never succeeded in fixing uneven development within nations, or dispersing region-specific densities of unemployment. It thus forms a “spatial fix” (Schoenberger, 2004; Harvey, 1982) to the central Keynesian technology.

Rather than a self-sufficient partner in the Imperial project, Scotland, its West coast in particular, becomes in the post-War era a depressed region of a United Kingdom territorial economy. Gradually, a specialist group of experts rise to study and administer this problem, although this arrives slower than some might imagine (Coats, 2005). This new perspective develops, unevenly, over the post-War period. It defines Scotland’s problem as one of *structure*, since the heavy industries that dominated Scotland had weak potential for growth in world markets. The “structural” solution to this problem was to bring high-growth, consumer industries into Scotland from elsewhere. However, regional policy was never applied consistently, and even during its phases of heaviest implementation, the goals of intervention shifted markedly. Broadly, early regional policy sought to tackle “black spots” of unemployment by directing factories to “depressed” areas and providing the

infrastructure to support them. The ultimate basis for this policy was social and political as much as economic. Moreover, the “black spots” perspective did not necessarily treat Scotland as one total region, but rather as a set of problem areas divorced from the wider economic region. Later, in the 1960s, Scottish leaders sought to define the whole of Scotland as a region of intervention, where previously intervention had only targeted “black spots”. Intervention would also include – indeed, would principally target – areas with strong growth potential. These “growth poles” would power the whole “region”, a perspective that would be most strongly associated with the *Toothill Report*⁴ (SCDI, 1963) considered in Section 4.6.

The origins of regional policy are contested. Some date it to 1934 and the Special Areas (Development and Improvement) Act, which included parts of South-West Scotland – but not Glasgow, allegedly for reasons of urban prestige (Trotman-Dickenson, 1961: 45) – or to the industrial estates of 1937. On the opening of the Hillington estate, Walter Elliot proudly announced that,

Twice - once in the eighteenth century with the revolution in agriculture and once in the nineteenth century with the industrial revolution - the nation of Scotland has seized its dwelling place and transformed it with a furious energy to which there are few parallels in Europe...Hillington is the sign that the second industrial revolution, the mastery of the machine, can bring both health and wealth (quoted in Torrance, 2006: 140).

Undoubtedly there was much rhetoric about bringing “light industry” to Scotland in this period. However, most researchers accept that these interwar reforms had limited impact and were too sporadic to make effective comparisons, and they are largely interesting for

⁴ I have italicised Toothill and what is commonly called the Toothill Report, although the formal title is “Inquiry into the Scottish Economy 1960-1961”. The italics is to distinguish the report from the person.

their later ideological purposes. Begg and Lythe thus offer a much later chronology for regional policy: “Although the problems of the Scottish economy are long-standing, the active and systematic prosecution of regional policy to try to remedy them can be dated from the late 1950's” (1977: 374). Balchin et al. go further, suggesting that, intellectually, most plans for Scotland, including the Clyde Valley Plan and the Tay Valley Plan, paid little attention to economic planning, and the first plan of this sort only appeared in 1963 (Balchin, Sykora et al., 1999: 104).

Certainly, Scotland was not “planned” in any holistic manner until the 1960s. However, Booth (1982) convincingly argues that it makes sense to consider the period after World War II as the watershed moment. Policies to tackle unemployment in the 1930s were clearly crude and achieved limited results, and thus cannot be considered a definitive policy shift. Ironically, Booth argues, the most systematic moves to planning areas of *underemployment* after the War emerged from the success in planning areas of *overemployment* during the War. Full employment forced government planners to move factory work to areas of surplus labour. This necessity proved in practice that government could solve employment problems by actively directing industry. As a Government paper put it, “Experience during the war has shown that production [in Special Areas] can be as efficient as in other parts of the country” (HM Government, 1944: 13). Therefore, directing development from “congested” areas to “black spots” could feasibly improve overall economic wellbeing.

Nonetheless, a complex mixture of social, environmental and “economic” aims and means were involved in this (Parsons, 1986). It also became associated with “political” motives, since promising to relieve unemployment was a key election promise for many politicians, especially those in the Labour Party. Thus, “jobs for all” is Labour’s key pledge in their 1945 Manifesto. That document claims that, “All parties pay lip service to the idea of jobs for all...Where agreement ceases is in the degree of control of private industry that is necessary to achieve the desired end” (The Labour Party, 2010: 11). After the War, questions of need and questions of growth had not disentangled themselves, and the regional problem was simply conceived as managing temporary shortages.

However, after the immediate post-War boom which kept heavy industry very active, areas like Scotland entered a relative slump again in the late 1950s, and these problems re-emerged (McCrone, 1965b). Thus, a new perspective on regions arose. This involved a whole new way of conceiving Scotland systematically as a whole unit. A growth-focused policy would have to focus on the whole “region” (e.g. Scotland) rather than just its trouble spots, said critics like Gavin McCrone: “If priority is given to growth it becomes necessary to view the region as a whole rather than think simply in terms of unemployment blackspots” (McCrone, 1969a: 125). This, of course, forces the question of what economically unites the industries of a region conceived for statistical purposes. In Scotland, that question seems superficially easier given a pre-existing national consciousness in the region, but it proves more troublesome when we compare, for example, the industrial West with the more commercial, financial, agricultural and administrative East. The Highland question, also, has largely been viewed as a separate problem, and this perspective continues even until today with the separation of Highlands and Islands Enterprise and Scottish Enterprise.

Indigenous planning in Scotland before the *Toothill Report* thus rarely involved the economy taken as a whole, and progress towards this end was sporadic. Indeed, a lack of detailed statistics arguably made it impossible. Many thinkers, both left-wing and right-wing, describe this era as one of widespread planning and intervention in Scotland. This serves politically useful purposes for both ideologies: for leftists, it sustains the idea of a last consensus for caring government, while for others it serves to highlight the follies of “big” answers to social problems. However, critics at the time, led by McCrone, present a more qualified view. McCrone distinguishes between, on the one hand, physical planning and economic planning, and, on the other hand, regional economic surveys and regional economic plans (McCrone, 1969a: 223-5). Documents like the Clyde Valley Regional Plan, in his view, are largely physical infrastructure plans since they do not depend on forecasts for future economic behaviour. Moreover, the physical sides of documents like these were implemented with greater enthusiasm than the economic side, and few economic powers were devolved to “regions” like Scotland. Documents like the Cairncross (SCDI, 1952) and

Toothill reports, meanwhile, were economic surveys of problems in Scotland rather than plans. Thus, in McCrone's estimate, Scotland lacked the imaginative means to even consider planning until the mid-1960s.

This is not to deny economic planning's *impact* on Scotland. However, this planning was directed from London to all "black spots", and Scotland, having a heavy concentration of patches of unemployment, benefitted from this Britain-wide initiative.

4.4 Thomas Johnston: The Cross-Class Alliance for Planning

The rhetoric of plans had long received positive endorsement even from Scotland's sceptical ruling class: the title of a Scottish Economic Committee (SEC) report, *Scotland's Industrial Future: The Case for Planned Development* (Scottish Economic Committee, 1939) make this clear. Similarly, Tory figures like Walter Elliot moved to admit the need for intervention in the economy. However, Labour Secretary of State Thomas Johnston is most plausibly associated with a widespread move to consider economic planning within and for Scotland. He represented the ideal of an unbiased, cross-class coalition building around the needs of the economy, redistributing resources from London while putting forward a distinctive "Scottish voice". For these reasons, even right-wing thinkers on Scotland present Johnston as the outstanding, quintessential Scottish Secretary of State (Torrance, 2006).

Johnston began as a passionate opponent of inherited wealth and an equally passionate supporter of Home Rule (Johnston, 1917). But the breakup of the ILP and the experience of the Depression changed his views radically. Johnston moved confidently into the political centre: always favouring the Commonwealth as a means of redistributing wealth at home, Johnston became a director of the Empire Marketing Board and enjoyed, under Winston Churchill, great latitude to direct policy in Scotland during the War. Johnston believed that history had proved in practice the need for planning, rendering the doctrine of class struggle redundant. As his biographer points out, "Johnston was aware of the growth of 'middle

opinion' groups and a climate of opinion favourable to more efficient centrally-planned direction of industry and the guidance of 'experts' and technocrats" (Walker, 1988: 125). His autobiography explains this new stance on class:

In the late twenties I had come firmly to the conclusion that there were many important issues in our public life which ought to be *lifted entirely out of the arena of partisan political strife*; unemployed relief works was one of these issues. So I diligently set out to persuade first the Labour Party and then the House of Commons that, for example, a blind corner on a public highway was a blind corner and a manifest danger to road users, whether travelling on Rolls Royce or on proletarian bus; that water supplies were equally necessary to Socialist, Tory and Liberal consumers; that land drainage, afforestation, Empire Marketing Boards, and dozens of other projects for adding to the national wealth and providing rational employment to our people could surely be discussed on their merits without our being first lined up into group who settled policy was to frustrate any other political group from doing anything (Johnston, 1952: 96; my italics).

Johnston thus sought to incorporate the traditional administrators of Scotland. To build this consensus, Johnston drew together a bipartisan Council of State composed of surviving (Tory) ex-Scottish Secretaries of State: Lord Alness, Sir Archibald Sinclair, Sir John Colville, Walter Elliot, and Ernest Brown. They piloted contentious legislation on hydro development in the Highlands, against landlord resistance. Johnston measured the coalition's success by Scottish Hydro's lack of legal obstacles: by contrast, the Tennessee Valley Authority had suffered 41 legal challenges in US courts, and the first chair of the Ontario Commission survived six attempts to jail him (Johnston, 1952: 150). This example, highlighted by Johnston, testifies to his determination to bring about a planned economy without a struggle to remove Scotland's ownership class from power. The Scottish Council on Industry, intended as an "industrial parliament" composed of industrial owners, banks, local authorities and the STUC, was another wartime success. It later merged with the Scottish Development Council (forerunner to SEC) to become the modern SCDI (Mitchell, 2014: 59).

Johnston continued to support Home Rule, often vigorously. Ironically, though, he is perhaps best remembered for building prestige and security around the welfare state administered at a UK-wide level. In Foster and Woolfson's view, "He succeeded in identifying the Labour Party at British level and the 1945 administration in particular, with the aspirations of the Scottish people as a whole for full national development and for control over their economy" (1986: 97). Although he never abandoned his stance, Johnston increasingly saw the task through the lens of economic modernisation, with the latter assuming greatest significance.

I have become, and increasingly become, uneasy lest we should get our political power without first having, or at least simultaneously having, an adequate economy to administer. What purpose would there be in getting a Scots Parliament in Edinburgh if it has to administer an emigration system, a glorified poor law and a graveyard? (quoted in Keating, 2009: 49)

During Johnston's time as Scottish Secretary, and after, professionals constantly debated the case for full Scottish control over regional policy (Levitt, 1996). Ultimately, any moves to place economic planning powers in Scotland were rejected, because, in the Treasury view, "The march of progress has made the island smaller, and it will in the future be a much more compact economic unit" (quoted in Levitt, 1996: 46). The rationale for this is, from their perspective, clear. An autonomous Scottish Office would have limited power to coerce companies who wished to build plants in Southern England to move to Scotland instead. Indeed, for this reason, future Scottish Secretaries actively opposed moving economic powers to Edinburgh, because it would give them responsibilities they believed they could not fulfil (Levitt, 1996: 52-3). Central administration promised to bring more muscle to the problem of unemployment.

The result is that, where Scotland was a “planned economy”, the muscle of planning largely came from London, and even passionate Home Rulers adjusted to this because they believed that the “march of progress” lay with technocratic administration (Parsons, 1986: 103). Indeed, when we consider Johnston’s legacy, as Bruce Lenman has remarked, “[Johnston]’s triumphs tended to be in areas peripheral to the industrial economy proper” (Lenman, 1977: 235). His most famous planning successes concern the physical environment and infrastructure. Foster and Woolfson argue that, even here, his biggest achievements largely reflected the force of his reputation and personality inside London, and thus “Johnston’s glittering reputation at the Scottish Office, which he left in 1945, was very much at the expense of his successors and of the subsequent stability of social democracy in Scotland” (Foster and Woolfson, 1986: 97). Certainly, the grand ambition of the Clyde Valley Regional Plan and the Barlow Commission, where social, environmental and economic planning would work harmoniously under one roof, never fully applied in Scotland.

Johnston’s basic view, epitomised in his quote about the poor law and the graveyard, was that Scotland needed to regain economic initiative from London and the South East first to make Home Rule work effectively. This largely evolved into the coalition to bring light industry to Scotland. But over the post-War period, many began to doubt whether transferring factories to regions like Scotland would transfer *power* or would in fact have the opposite effect.

4.5 Statistics

One way to explore Scotland’s position as an economic space is through the question of statistics and surveys. This factor is crucial, as Tooze explains:

Statistics...constitute and coordinate the imaginary community of the national economy. And statistics have also helped to constitute the domain of the

international...A national system of official statistics has become one more module in the tool kit of twentieth-century “official nationalism” (Tooze, 1998: 159).

So measuring – and equally not-measuring – economies is intrinsically imaginative. It involves ideologically-loaded assumptions about what an economy is and what it should be. The UK government collected regional statistics, but, as we will see, economists widely considered these inadequate for all “regional economies”, not just Scotland. The Scottish Office itself had no professional economists or statisticians, nor any real economic powers, until the 1970s, and where it needed statistics, it depended on the Board of Trade or the Ministry of Labour (Coats, 2005: 316).

Many of the first economic surveys looked at “distressed areas” suffering from unemployment, with the impetus often coming from the Labour left, for whom these became a means of critiquing the existing proposals (Linehan, 2003). Charles Oakley’s *Industrial Map of Scotland* (Oakley and Scottish Development Council, 1939) aimed, from a more centrist position, to survey and map factory spaces.

After the War, the Scottish Office started to publish annual surveys of *Industry and Employment in Scotland*. These did not provide statistics as we would understand them today: there was no assessment of national or per capita income or public spending, for example. Instead, they measured population and employment, presented “black spots” of unemployment, and gave a survey of factory building and planning developments in, for example, the New Towns. They also gave industry-by-industry surveys, often with some production statistics. Over time, they began to include issues like industrial research and capital investment. However, these were largely surveys with data taken from other areas, such as Board of Trade statistics.

During Tory rule in the 1950s there were some significant forward steps in treating the Scottish economy as an independent scientific object. In 1955 A.D. Campbell published an academic study, "Changes in Scottish Incomes 1924-49", which remained the only estimates of relative Scottish incomes in the interwar years (Campbell, 1955; see discussion in Buxton, 1980: 539).

Cairncross's survey on local development in Scotland for SCDI marked a major step forward in conceiving Scotland as an economic unit (SCDI, 1952). However, a bigger breakthrough came with a study conducted by Cairncross with his colleagues (1954) at the University of Glasgow. *The Scottish Economy: A Statistical Account of Scottish Life* survey presented a seemingly encyclopaedic array of statistics covering matters such as health, education, demography, wages, and production. Cairncross's was easily the most serious attempt to articulate Scotland as a national economy published until the 1960s. In moral economy terms, it defends the logical priority of the Scottish economy as an independent, functioning entity:

Whatever other significance the Border may have, it is not a barrier between two separate economic systems but a line between two segments of a single economy. *Yet the segment lying north of the Border is a distinct society with a unity and cohesion of its own.* It is not merely that it coincides with an ancient kingdom in which the fire of nationalism still burns: although the fact that Scotland is a country in its own right, differing from England and Wales in memories and aspirations, temperament and tastes, institutions and culture, lends additional support to a study of its social and economic problems. There is also a sufficient degree of segregation from the rest of the economy, and a sufficient diversity within Scotland, to allow one to speak of the Scottish economy, *functioning as a unit and with an independent momentum* (Cairncross, 1954: 1; my italics).

This last phrase – “functioning as a unit and with an independent momentum” – spoken by a leading economist, contains an implicit political dimension. This was not necessarily a consensus view. The Labour Party Scottish Council released a report soon after, in 1958, rejecting the idea that Scotland was a separate economic entity. “Any attempt to disentangle the two economies [Scotland and the UK] and place them to separate paths and keep them there would undoubtedly lead to grievous economic losses” (The Scottish Council of the Labour Party, 1958: 3). They quote from a trade union official saying, “Scotland’s economic prosperity, it should be obvious, is inseparable from that of England and Wales and *cannot be imagined as a self-supporting entity*” (The Scottish Council of the Labour Party, 1958: 3; my italics). Cairncross, of course, also clearly states that Britain *is* one economic entity. However, he asserts that Scotland’s “memories and aspirations, temperament and tastes, institutions and culture” together with its economic distinctiveness justify imagining the country as an economic unit with its own momentum. This explains the statistical presentation of “the economy” peculiar to Scotland.

Nonetheless, the limits of Cairncross’s study largely reflect those of the statistics available. As a reviewer in the *Scottish Journal of Political Economy* noted, “*The Scottish Economy* is both an encyclopaedia and a useful guide to sources...[but] the most usual indicators of the health and progress of an economy are either absent or statistically so weak as to impair interpretation” (Wrigley, 1954: 277). Partly these choices reflected the absence or presence of data, but this in turn reflected how regional policy defined the region: as an imperfectly integrated zone of the UK national unit, and thus an object for remedial action.

Cairncross, who would become one of Britain’s leading economists, later revealed that the Scottish Office had never once requested his department’s help or advice during his period as Professor of Economics at the University of Glasgow. This reflected the particularly weak role allotted to the Scottish Office in the devising of scientific economic policy. In other words, Cairncross’s central message, that Scotland’s economy functioned as its own unit with its own momentum, was not yet accepted or reflected in government. Moreover, as Coats observes, “This lack of contact between the university and the [Scottish] government

broadly reflects the situation throughout Britain in the 1950s, when interest in economic planning was at a low ebb” (2005: 317). So the problem was not simply lack of statistics, or lack of capacity to produce them, but also the absence of demand from government, which had no capacity for nor desire for a planning operation.

A perceived weakness in statistics continued through the sixties and into the seventies. David Simpson (1969), a pro-market, Harvard-educated Scottish nationalist, cited the absence of economic statistics as one reason that Scotland could never have a “planned” economy. Gavin McCrone made a similar argument: “The regional statistics for Britain are about as bad as national statistics in many under-developed countries” (McCrone, 1965a: 120). It followed that barriers to economic planning in Scotland reflected a lack of intellectual tools, as opposed to any inherent limits:

Experts with the appropriate skills for preparing regional plans are in extremely short supply...Regional statistics are at present woefully inadequate; but the greater the regional fragmentation the worse becomes the problem of ever obtaining a satisfactory statistical coverage. For example, *Scotland is better provided for statistically than any of the English standard regions, though even so the provision falls far short of what is necessary for economic planning* (McCrone, 1965a: 122; my italics).

The difficulty in accessing statistics continued into the 1970s. One of the earliest textbooks on the Scottish economy linked the continued issue to the conceptual difficulties in specifying the role of a “region”:

We have...suggested that there are often severe statistical difficulties in aggregating or disaggregating economic flows to the regional level. *Conceptually, too, there is a lacuna in the economic analysis of regions...*there is no settled set of regional economic principles (Johnston, Buxton et al., 1971: 17; my italics).

The case for statistics was perhaps most forcefully expressed in the era-defining *Toothill Report*, discussed below. However, as Coats observes, although the report proved enormously influential, it took a decade, from 1963 to 1973, before the report's recommendations on statistics resulted in "a full-scale economics and statistics unit" (Coats, 2005: 316). As Chapter 5 explores, this crucially coincided with awareness of North Sea oil.

McCrone, Simpson and other experts of the time insisted that economic planning in Scotland was almost literally "unimaginable", since reliable statistics about the internal workings of Scotland's economy did not exist. Planning in Scotland thus meant a variety of assorted things. It meant the effort, coordinated from London, to push factory building to unemployment blackspots through enticements and coercion. It meant environmental and social plans to improve living standards outside of workplaces, including the New Town corporations. The Scottish Office continued to view their "planning" role in these terms well into the 1970s. Gordon Campbell, then Secretary of State for Scotland, thus asserted that, "In the Scottish Office we are responsible, with the local authorities, for planning decisions in Scotland, and what is generally known as the 'environment'" (SCDI, 1972: 107). And finally it meant the various corporatist measures to market Scotland and particular parts of Scotland as attractive to inward investors.

4.6 Toothill and Beyond

Centred on the Scottish Office and SCDI, a "social bloc" (MacLeod, 1998) representing Scottish interests within a dominant British representational regime had fully emerged by the 1960s. The product of this emerging consensus was SCDI's *The Toothill Report*, which served to revise Scotland-wide planning. Toothill's main purpose was to formalise a shift away from remedial aid onto growth. "The almost exclusive emphasis sometimes placed on unemployment in the public discussion of Scottish needs would be more appropriate to the conditions of the early thirties than to those of the sixties, and one of the main contentions of

our report is the need to create conditions more favourable to growth" (SCDI, 1963: 16). This thesis had already been suggested in earlier reports by Checkland and Cairncross, but the *Toothill Report* had two advantages that allowed its message to shift the general philosophy of Scottish governance. First, it represented a fully-fledged hegemonic Scottish coalition of dominant interests under Scottish Office tutelage. Second, its timing coincided with a broader shift where French and even Soviet planning models were becoming intellectually fashionable as a means to redress Britain's growing export gap (O'Hara, 2007). This meant that a revamped approach to regional policy and planning could actually make capitalism more efficient. However, this implied a completely different imaginative geography of the region. Rather than a set of "blackspots" to be cured from the centre, regions should be broadened to cover larger areas, and policy should target those with greatest prospects for growth rather than those with the severest "social problems" (McCrone, 1969a: 209).

Toothill's stress on growth suggested a broader rethinking of the state's role in a capitalist economy. The British state had accepted, since the 1930s, the need to aid regional economies largely for social and political reasons: to soften the blow of imperial decline, to support struggling firms, to avoid class conflict and to win over political constituencies. But this left a weakness: governments would withdraw support if a crisis – most often, a balance of payments problem – threatened the roots of British capitalism in London's financial sector. The "stop-go" policies popularised in post-War Britain thus posed the greatest problems for regions like Scotland. They were doubly vulnerable to capital flight, recession, and regular balance of payment crises. Regions built around export industries were always vulnerable to world market changes; but this problem redoubled when they became dependent on government aid. Regional assistance would often be the first victim of government cuts when a crisis hit.

[T]here could be a general slump throughout the whole of Britain as occurred in 1920/21 or in 1929/32. Such an occurrence would imply the abandonment of the policies for full employment of which all parties are committed and is therefore improbable. *It is to be expected, however, that restrictions will be imposed from time to time*

to protect the balance of payments against inflation, and that these may create unemployment in areas such as Scotland... At the same time solvency in the balance of payments is no less a Scottish issue than a British one (SCDI, 1963: 24; my italics).

Toothill articulated a new vision, a growing consensus that sustainable regional policy had to prove itself by the contribution it would make to British growth. This meant moving state intervention away from a focus on need (i.e. propping up “unprofitable industries” through subsidies or nationalisation) to a focus on sectors with a strong likelihood of future growth.

It is, in our view, misleading to present Scottish requirements as a liability that the rest of the country may be obliged to meet for political or social reasons. The encouragement of economic growth in Scotland is of immediate concern to the country as a whole. Scottish development, if fostered by sensible and economic means, will bring benefit to the whole of Britain (SCDI, 1963: 16).

Proposals for regional development should be based on something more than an unquestioned assumption that some form of aid from the central government can be *claimed as a right* (SCDI, 1963: 25; my italics).

Toothill concedes that letting individual owners or “market forces” continue to set the economic agenda will not correct imbalances, but neither will government intervention that merely seeks to calm existing interests. The cause of Scotland’s problem was neither a temporary cyclical one likely to resolve itself, nor a shortage of enterprising spirit, but instead a “structural” legacy. The word structure appears throughout the document and is clearly its overriding theme: there is a whole chapter called “The Need for Structural Change”. A structural explanation suggests that certain regions have specialised in industries that, in world market terms, are declining or growing at a slower rate. The reports suggests, “Scotland’s economic difficulties largely originate from a wrong mix of industry” (SCDI, 1963: 188). This had been acknowledged even in the 1930s when the heavy industry bloc still largely dictated the policy agenda. *Toothill*, however, was beginning to wrangle

with the contradictions of bringing light industry to Scotland's depressed areas by government direction.

A notable influence, in this regard, is "growth poles" theory, developed by French economist Francois Perroux (see Perroux, 1950). Linked to indicative planning, these ideas helped reshape rural French economies around big industries, achieving the target of "decongestion" *through* central government direction but built around a deeper perspective on what holds regional economies together. In contrast to earlier British policies, which stressed the emergency need to bring any and all employers to regions suffering unemployment, the growth pole approach concentrated on building powerful, sustainable regional centres of industry to drive the region forward. Rather than a smattering of industries, one big industry would power a region's prosperity, with other industries nestling and linked into it (McCrone, 1999a). Later critics charged that *Toothill* radically misunderstood Perroux's theory (Firn in MacKay, 1977: 70). McCrone also asserts that Labour governments broadly ignored the growth poles suggestion. However, Labour did move to a broader idea of regions and regional planning that included areas of strength as well as weakness. The Scottish Development Department's 1963 report on Central Scotland contains a full chapter on Growth Areas, which notes, "Recent experience has shown that while the improvement of infrastructure services must be approached on a broad regional basis, rapid industrial and other development can best be secured in specific areas within the region which offer especially favourable growth prospects" (Scottish Development Department, 1963: 27).

Curiously, though, Glasgow and Edinburgh are not classified as growth areas. Instead, the New Town policy becomes central to this new strategy.

The speeding up of the Glasgow overspill operation...will...help to achieve a better distribution of labour in the country...The full weight of Government should be placed behind it...An additional contribution would be the creation of further new

towns which will not only accelerate the overspill operation but will provide vigorous new growth points in the economy (SCDI, 1963: 188).

This strong stress on moving people and industry away from Glasgow explains the new controversy surrounding this report. Collins and Levitt specifically charge the *Toothill Report* with creating some of Britain's severest concentrations of social problems as witnessed in contemporary Glasgow. They note that, "while the official thinking was that Glasgow was in a sense being 'sacrificed' for the greater good of economic 'modernisation' (and associated social and cultural benefits) in the rest of Scotland, the envisaged wider 'returns' were never achieved" (Collins and Levitt, 2016: 313). The social engineering implied by the *Toothill Report* clearly had an assumed political economy attached to it. For inward investors, as Firth observes, Glasgow cast up the "image of...militant 'Red Clydeside', dominated by strikes and stoppages" (quoted in Collins and Levitt, 2016: 296). *Toothill* denies that Scotland's economic problems can be blamed on management or labour, focusing instead on "structural" change. Nonetheless, it clearly identifies the need to promote Scotland as being free from conflict. "The proper objective for labour and management together is...a reputation for relations that are good even by British standards not only in the avoidance of disputes, but in the positive promotion of arrangements that increase productivity and facilitate the introduction of new methods" (SCDI, 1963: 189). The link between *Toothill* and later inequality might be indirect. But one clear effect of *Toothill* was to reinforce social engineering and technocratic planning while downplaying any commitment to social equality.

4.7 Inward Investment and Americanisation

One of this chapter's main themes has been the frame of the British Empire, its collapse, and the emergence of a territorial state in Britain under a US-dominated world order. This matter is crucial in understanding what, precisely, public-private coalition building aimed to achieve in the post-War Scottish economy.

Post-War inward investment strategy was partly coordinated by the Scottish Office and central government, but the most energetic activists for American inward investment were the SCDI. Throughout the years studied here, there is a succession of SCDI reports about trade missions to the United States, as well as glossy publications designed to attract American investors. Although SCDI was not solely concerned with America, it was, at various stages, the dominant theme. Some publications are very specific in their goals, such as the 1960 booklet, *Why Americans Invest in Scotland*:

Yes, you're welcome in Scotland – and we say it in English. It is consistent British Government policy to encourage American investment. Dividends may be transferred without restriction and capital withdrawn in full. There is no condition of investment participation by British interests. Nowhere in the world will the American manufacturer meet with a more enlightened, positive and practical welcome than Scotland's. Scotland provides him with the powerful and effective help of a unique organisation – the Scottish Council. Non-governmental, non-political, it embraces industry, the banks and the civic authorities (SCDI, 1960: unpaginated).

Others are essentially marketing brochures aimed at all investors, but implicitly America is the clear focus. *Success in Scotland* is a glossy pamphlet with positive case studies of companies who have established branch plants in Scotland. Some are English while others, such as Honeywell, are Americans.

In these pages we ask you to look at Scotland from a new industrial viewpoint: through the eyes of those who have recently come to live and work here as manufacturers...Scotland will be familiar to many of you through short business visits and holidays. Probably you are aware already of the freedom from congestion and the relative ease of communications...In different areas, enterprising firms from

other parts of the U.K. – and *across the Atlantic* – have played their part in stimulating Scottish development (SCDI, 1965: unpaginated; my italics).

Later professionals would define this period by an alleged woeful amateurism in inward investment. In interviews for this project, one ex-SDI chief executive described the attitude as, “Let's play a round of golf and have a gin and tonic and talk about what Scotland can do for you”. But perhaps the clearest sign of the priority of US investment in SCDI thinking is the volume of statistical research undertaken on this theme. SCDI sponsored significant research on the topic, as well as engaging in informal promotion and network building (e.g. SCDI, 1974).

Moreover, in numerical terms, SCDI presided over major successes. In the period 1945-65, US companies created 108,500 manufacturing jobs UK-wide, of which nearly half (42.6%) went to Scotland despite its size (Bell, Kirwan et al., 1979). By 1969, Scotland (\$143.20 per capita) was second only to Canada (\$439.48 per capita) as a destination for American manufacturing investment, accounting for 2.5 percent of total US investment. This was far ahead of the UK (\$82 per capita), Germany (\$47), France (\$30), Italy (\$13), the EEC average (\$34) and the world average (\$8) (Forsyth, 1972: 8-10). Many of the investments of this period have passed into Scotland's industrial heritage: Hoover at Cambuslang, Caterpillar, NCR in Dundee, Burroughs in Cumbernauld, and IBM at Greenock.

Of course, behind the SCDI's activist influence lay objective changes in political economy. First, US firms needed market entry, at first into the Sterling economic zone and then, after 1972, the EEC. Second, Scotland had comparatively low wages, a legacy of unemployment, and a vast reserve army of women (partly a reflection of the male-oriented structure of indigenous Scottish firms). Third, to varying degrees in the post-War era, the British government offered large incentives to create plants in development zones, while discouraging build-up in “congested” regions. There were, in other words, deliberate attempts to push new employment, and thus inward investors, to more peripheral parts of

the UK economy. "In 1968-9, the high-water mark of regional policy was reached, with grants of up to 45 per cent being offered on investment in plant and machinery and up to 35 per cent on buildings...A payroll subsidy worth approximately 8.5 percent of labor costs was paid to manufacturing firms" (Forsyth, 1972: 6). Forsyth's survey of US firms found that 51 out of 96 cited this as a reason for choosing Scotland. A last factor, highlighted in quotes above, was the apparent absence of linguistic and cultural barriers reflecting the language overlap between the two dominant powers of the twentieth century.

Early SCDI reports, and many other reports of the era, actively celebrate American investment. This was not simply to alleviate the social costs of economic and imperial decline. More broadly, there was an expectation that American firms would bring with them a transformation in managerial ethics and technological efficiency. Scotland, as the *Toothill Report* noted, employed a very low proportion of scientists and engineers in industrial research and development compared even to England (SCDI, 1963: xiii). Proximity to American capital became synonymous with new efficiency, and by bringing Americans to Scotland it was hoped that Scotland's culture would change. To some extent this worked. Partly because they wished to escape strong trade unions, and partly because they specialised in "light" industries, the American firms changed the gender basis of Scottish manufacturing. They also introduced new management techniques and assembly line processes into a manufacturing workforce that had depended on manual skill.

However, to claim that new American firms "improved" industrial relations implies a very strong and contested value judgement.

Another important secondary benefit claimed for foreign direct investment is the introduction of global "best practice" in personnel services and collective bargaining. The Scottish experience casts some doubt on this claim. During their early years, American multinationals, such as NCR, IBM, Timex and Caterpillar, pursued an implicit industrial relations strategy based on the exclusion of trade unions and of

individual union members; arriving later, the microelectronics companies, such as Motorola, Hughes, Hewlett Packard, and Digital, made exclusion an explicit objective (Knox and McKinlay, 1999: 2).

A creeping Americanisation of employment had broader impacts on the expectations of workers. In particular, it raised the notion that where Scottish firms would not employ, the state should get jobs from elsewhere. As Jim Phillips observes:

the employment problems of inward investment in the 1970s and 1980s – “branch plant syndrome”, “screwdriver jobs” – were at least partly related to the moral economy expectations of Scottish workers, which had been raised by policy-makers in the 1950s and 1960s (Phillips, 2).

Inward investment was the principle means by which government brought jobs into Scottish communities. Consequently, Scottish communities had to be packaged as a location for investors from outside the country. This partly explains the elaborate lengths of social engineering designed to take workers away from traditional geographies of industrial conflict and promote a new consumer society. Such policies had significant costs, particularly in democracy and autonomy. Trade unions had been the traditional means of asserting working class control over the direction of workplaces. With inward investors demanding that unions be excluded from shopfloors, Scottish manufacturing gradually lost this culture of autonomy. Similarly, Scotland’s economy as a whole became increasingly subject to external control, limiting the possibility of controlling those who owned and controlled the industries. “More and more of the key decisions concerning Scotland’s industry were being made outside of Scotland” (Scott, 1983: 162). This presented a growing problem for plans centred on Scotland, and for forces inside Scotland seeking change such as the labour movement.

By the late 1960s and early 1970s, pessimism about inward investment extended to Scotland's capitalist leaders (Foster, 2001). Leaders from the old industrial dynasties had taken power in the SCDI and put increasing stress on problems of "centralisation" in decision making (SCDI, 1969a; SCDI, 1970). This included the trend for business *decision-making* to concentrate in London and America even as factory production might be transferred to areas like Scotland. Section 5.3 examines this shift in detail.

4.8 Conclusion

Scotland started to fully emerge as a distinct economic space in the 1960s under the influence of regional policy. Compared to other nations, this might seem remarkably late. However, the case could be argued the other way. By some measures the Scottish economic imaginary arrived early, considering that "the [national] economy" emerged at the earliest during the Great Depression and for most nations after World War II. The full discourse of competitive regions largely emerged later after the breakup of Keynesian national economic management. Scotland had inadequate statistics for any concept of regional planning, but was nonetheless more fully constituted in the "imagination" than other areas considered as regions, like, for example, North East England. McCrone notes that national consciousness in areas like Scotland and Wales made it easier to build coalitions to defend their interests than comparable areas of England. "It is hard to think in regional terms or work up much enthusiasm for its development if the region, as defined, seems an *unnatural creation* to its inhabitants" (McCrone, 1969a: 239; my italics). Scotland's pre-existing "natural" national consciousness helped accelerate its imagination as a distinct entity. However, this "natural" identification with Scotland was ultimately defined by the presence of a "natural" capitalist leadership and by Scotland's prestige within the Empire. The gradual degrading of these factors would lead to a crisis of meaning surrounding Scotland's economy. A crisis of meaning, though, is often the occasion for a flourishing of discourse, as the coming chapters will show.

Regional policy has been subject to numerous criticisms. However, it did establish a broadly progressive principle that governments should intervene to tackle uneven development and the drift of economic power to centres of political power, allowing regions to measure their progress to “catching up” with London. It did so *from within* a “unionist” system centred on London. Regional policy declined largely because the momentum towards a London-based service economy proved unstoppable, especially after the financial turn in capitalism following the collapse of Bretton Woods. Since then, the idea of removing “congestion” from London rarely gains much serious interest, and has become almost “unimaginable” (Massey, 2007). Nonetheless, while regional policy at its height moved factory building out of London and its hinterland, it may have exacerbated the power inequality between London and its regions. The theory of regional policy paid little attention to concrete relationships of ownership and control, and these issues would come to epitomise Scotland’s drift into an externally-controlled “branch plant economy”.

Chapter 5: North Sea Oil and the Scottish Economic Imaginary

5.1 Introduction

In October 1970, British Petroleum discovered the giant Forties Oil Field lying 110 miles north-east from Aberdeen. This was not the first North Sea oil discovery, but it was the first to signal that oil would transform Britain's public finances and the debate on Scotland's economy. For Labour governments, an influx of oil money promised a peaceful resolution to the class conflicts of the 1970s. However, oil also brought new conflicts: Scottish nationalists won eleven Scottish seats and a record share of the Scottish vote in a Westminster election (the record stood until 2015) under the slogan, "It's Scotland's oil". Even more unfortunately, for Labour, Margaret Thatcher enjoyed most of the economic benefits of North Sea oil, and its rents helped finance her "monetarist" experiment and her decidedly non-peaceful approach to industrial conflict (Brotherstone, 2013; Alt, 1987). During her first term in government, thanks to a hike in oil prices caused by the Iranian crisis, North Sea revenues at one stage accounted for 4.75 percent of British Gross Domestic Product and 8 percent of taxation income (Harvie, 1994: 289).

However, oil's influence cannot be reduced to its numerical impact on public finances. Oil's location offshore from Scotland prompted a qualitative change in settled patterns of economic relationships between Scotland and the British state. Superficially, it seemed to reverse the established terms of Scotland's "dependency" on transfers from Westminster, although everything depended on a judgement about how one attributed "nationality" to resources located hundreds of miles into the sea. These debates continue to shape Scotland's politics. Thus, when the SNP sets out to prove that Scotland can afford independence, they cite public finance from the 1980s oil boom. Many Scottish nationalists also claim that British government officials "covered up" evidence showing that Scotland could become one of

Europe's richest countries thanks to oil. Equally, the more official terms of Scotland's economic relationship to Britain have been formed by debates about oil money. In the 1970s, politicians and economists from all sides of Scotland wanted a clearly defined share of North Sea wealth to contribute to modernising the Scottish economy. Although they were unsuccessful, these debates led directly to the Scottish Development Agency and – indirectly – to the Barnett Formula which determines Scotland's share of UK public spending, giving Scotland a block grant that came increasingly under Scottish control. Moreover, the first government publications that sought to quantify Scotland's public finances and proposed to prove Scotland's deficit in paying for public finances have been criticised as biased and have been recently amended as a result (Cuthbert and Cuthbert, 1998; Cuthbert and Cuthbert, 2011). Oil, again, is often the determining factor in these disputes. Thus, by politicising Scotland's economic benefits from the Union, oil forced the pace of a professional approach to defining Scotland as an economic object for statistical purposes.

Looking at documents mostly from the 1970s and using interviews conducted during this research, I want to show how oil helped to reshape the main political and social alliances in Scotland. Section 5.2 looks at the main forces in worldwide oil industries – states and the major oil companies – and their interest in offshore oil, which depended on crucial Cold War calculations. Section 5.3, focusing on Oceanspan and the SCDI International Forum, shows how the old regime that dominated Scottish economic discourse in previous generations tried to adapt to oil. Section 5.4 looks at how “New Left” ideas for radical working class politics looked on oil as a solution for Scotland. Section 5.5 looks at nationalism in the same context. These chapters pose a similar question: oil has often been seen as the enemy of democracy and the ally of centralised power (Mitchell, 2011); but could oil become the ally of forces seeking democratic renewal in Britain? Section 5.6 looks at the notion of a conspiracy in the case of the McCrone report. Lastly, the chapter shows how new official institutions arose to direct Scottish development and public spending in the context of oil.

5.2 Oil, Imperialism and Nationalism

Oil is undoubtedly, of all the commodities under capitalism, the one most clearly marked by shifts in international power (Odell, 2013; Delaisi, 1922; Klare, 2008; Klare, 2004; Heinberg, 2003; Yergin, 2011; Rees, 2006). All oil industries are defined by particular relationships between state power and corporate interests, and, in explaining Britain's North Sea policy, this is where we must begin.

Britain in general, and Scotland in particular, had oil interests that long predated North Sea discoveries. Scotland's shale oil industry started producing on an industrial scale in the mid-nineteenth century and continued to operate until 1962 (Kerr, 1994: 90; McKay, 2012: 228). During World War I the part-government owned Anglo-Persian Oil Company, the forerunner to BP (Tharoor, 2010), swallowed the conglomerate Scottish Oils which combined the five surviving Scottish shale firms. Scots nevertheless continued to hold a significant role within this multinational entity. Sir William Fraser, later Baron Strathallmond, son of the founder of the Pumpherston Oil Works, served as Anglo-Iranian (after 1954 BP) chairman from 1941 to 1956. In this capacity, Fraser played a leading role in engineering the coup against elected Iranian Prime Minister Mohammed Mossadeq. Harry Truman, the US President, said that Fraser ran Anglo-Persian like a "typical nineteenth-century colonial exploiter" (Yergin, 2011: 457); his "colonial" behaviour was severe enough to lead to repeated conflicts with both the US and the UK governments. Scotland's Burmah Oil, founded in nineteenth century Glasgow, also became the principle private shareholder in BP, a position it retained until 1975 (Corti and Frazer, 1983: 16). These examples show that, far from being a hapless victim of oil imperialism, Scotland had a significant imperial legacy in the commodity. Indeed, the oil companies acknowledged this. "BP Exploration Company, itself incorporated in Scotland, is the lineal direct descent of the old shale oil companies of the Lothians and is thereby linked to the very beginnings of the modern oil industry", BP's deputy chairman told a conference of Scottish businesses (SCDI, 1972: 58).

However, such historical links were not necessarily advantages for Scotland. Compared to countries like Norway, Britain's oil policy was marked by significant private interests with overseas ventures to defend. Offshore drilling required states to enforce property rights over

the seabed. Drawing on the UN Convention on the Continental Shelf, the British government effectively nationalised the UK Continental Shelf (UKCS) through legislation in the mid-sixties (Kemp, 2012b). But the prospect of a vertically-integrated nationalised oil company met strong resistance from both the oil majors and the Treasury and FCO. State control threatened Britain's broader oil interests, since Britain relied on private (or semi-private) business concerns to meet its oil security needs abroad. A UK nationalisation, insiders feared, would set a dangerous precedent and encourage Middle Eastern governments to respond in kind, hitting companies like BP and Shell. Thus, the Treasury and particularly the FCO considered it ideologically dangerous to use licensing coercively to dictate terms to oil companies (e.g. Kemp, 2012b: 259). This also explains why the UK found it difficult (especially in the early stages) to insist that British companies, whether public or private, had majority shares in exploration and extraction (Kemp, 2012b: 34). The Cold War mood of geopolitical emergency, which often centred specifically on oil, encouraged the UK to extract the North Sea's resources as quickly as possible. Britain's existing technological and capital base was too weak to achieve this without American capital and expertise.

North Sea oil's discovery occurred during the passage of Atlantic dominance from Britain to America. Control of oil supplies was crucial in this new regime of "Atlantic Fordism" (Lipietz, 1987; Van der Pijl, 2014), and Ford himself symbolised the motor car and the highway as much as the work culture of the factory (Urry, 2005: 25-6). Global crude oil supplies doubled in the five years following World War II (Odell, 2013: 11). The geographical effect was to move oil production's centre from a secure location – the United States – into the Middle East, where Western dominance was being challenged by Communist parties and nationalists. The extent of the West's dependence on this region needs stressing. Although America's oil production grew rapidly in the post-War era, their share of world production fell from 64 percent to 22 percent. The cause of this proportional decline was the Middle East, where production grew from 1.1 million to 18.2 million barrels per day (Yergin, 2011: 500). Mossadeq's overthrow in 1953, in one of two leading Middle East oil producers, reflected the Cold War's petrochemical realism. As one historian notes,

this “post-war petroleum order” involved occasional conflict – e.g. over Suez – but also strong cooperation between America and Britain (Citino, 2002: 161-2).

The British offshore industry thus came under the influence of two overlapping imperial regimes. One was the longstanding interests of British oil companies who aggressively guarded their close ties to the Treasury and were engaged in ideological battle with Third World nationalists. The second was the American corporations who dominated offshore technology. Their turn to offshore drilling in Europe, an expensive business in a nightmarish environment of high winds and huge waves, also arose from fears about new confidence in oil rich Third World states (Priest, 2016). Although Scotland’s industry emerged from a reaction against post-colonial nationalism, Scottish nationalism drew implicitly on the same notion of popular sovereignty over natural mineral wealth. So, too, did left-wing British nationalism as epitomised by Tony Benn. Scottish nationalism in the 1970s thus attracted sympathy from American conservatives as a potential bulwark against the British left, and scepticism where it raised threats to property rights and corporate interests (Harvie, 1994: 93). Taken together, these factors explain why the offshore industries took the form they did, as private, as focused on the fastest possible extraction, as open to development by multinational (American) firms.

The influence of Anglo-American oil majors, Cold War fears, and Treasury priorities thus provided the ideological preconditions of North Sea oil. First, they explain why the treacherous and expensive business of offshore oil extraction became economically worthwhile to major petrochemical concerns. On simply “economic” grounds, until geopolitics intruded, offshore drilling did not represent a priority. North Sea oil, although high quality, cost ten times more to extract than many rival producers (Hamilton, 1978: 71). But the combined effect of geo-politics and financial markets served to raise the price of oil, and thus the risks inherent in North Sea extraction could be justified on grounds of diversity of supply. As a Royal Bank of Scotland pamphlet noted, “One outstanding event, the oil price ‘hike’ by OPEC countries in 1973-74 (plus the embargo after the October War) gave an enormous boost to North Sea exploration, since it turned an interesting but, in world terms

rather marginal, area into a highly attractive prospect, both economically and politically” (Gaskin and Royal Bank of Scotland., 1977: 3). Second, they partially explain why many parts of British politics were ambivalent about devolving more powers to Scotland. Although the sterling area bloc’s world role was shrivelling, the Balance of Payments remained a major constraint on policy, and the Treasury saw North Sea oil as a panacea. Third, these problems explain why government officials rarely considered controlled extraction as a serious policy alternative. A consensus held that once discovered, Britain would pump oil as quickly as technology would allow, although leftists led by Tony Benn had intended that BNOC’s muscle would allow for a more staged approach. Labour occasionally dissented, but they were fighting a losing battle against supporters of rapid extraction. This priority is clear, for instance, in the factors governing licenses awarded to oil companies, as listed by Energy Minister Fred Erroll to the House of Commons in 1964:

First, the need to encourage the *most rapid and thorough exploration and economical exploitation* of petroleum resources on the Continental Shelf. Second, the requirement that the applicant for a license shall be incorporated in the United Kingdom and the profits of the operation shall be taxable here. Thirdly, in cases where the applicant is a foreign-owned concern, *how far British oil companies receive equitable treatment in that country*. Fourthly, we shall look at the programme of work of the applicant and also at the ability and resources to implement it. Fifthly, we shall look at the contribution the applicant has already made or is making towards the development of resources of our Continental Shelf and the development of our fuel economy generally (quoted in Kemp, 2012a: 55; my italics).

The idea of Scotland having a rightful share of oil is clearly influenced by these world developments. First, the above explains why the British state displayed implacable hostility to the idea of oil’s “Scottishness”. Anything that complicated their bargaining relationship with the commodity could become a threat to Treasury dominance, to Britain’s economic power, and to “national security”. Second, however, with the hegemonic role in world oil and economics passing to America, new opportunities opened for Scotland. Some

Americans looked on Scottish claims with sympathy, especially if they could provide a bulwark against perceived leftism in the Labour Party. Third, the idea of national property rights over underground and underwater resources had to be invented. Part of that context relates to the heightened role of Third World nationalism, which showed less and less willingness to let Western private firms extract resources and profits on their own terms. In indirect ways, Scottish nationalism benefitted from the earlier gains of these movements and their growing success in negotiating with Western powers. Fourth, oil meant Scotland had a stake in a set of hyper-advanced global industries – and conflicts. This forced Scottish interests to “re-imagine” the world economy, its politics, and their place within it. Scotland shifted very rapidly from the margins of imperial decline, centred on the steam industries that built British world power, to the centre of the new hydrocarbon revolution and America’s Cold War anxieties. These transformations reawakened dormant questions about Scotland’s integration into Britain. It also highlighted social change within Scotland and the rise of new social and political forces.

Long before the issue of oil’s “Scottishness” became a problem, the “Britishness” of oil and Britain’s corporate overseas oil interests dominated internal discussions. All references to Scotland’s right to oil revenues emerged within this context. Sir David Barran, Chairman of Shell, thus told Scottish business leaders, “it would be entirely wrong to look upon this as being essentially British oil, or still more, Scottish oil...it must be looked upon as *European oil* that could provide an important counter balance to the economic power of the presently exporting countries” (SCDI, 1972: 24; my italics). Both British and Scottish oil nationalism should, in this opinion, remain subordinate to the Western great power bloc of public and private interests lined up against OPEC and the Soviet Union.

5.3 Lateral Geography: Oceanspan, Oil and the Old Capitalism

The previous chapter centred on the fate of Scotland’s traditional industrial owners and their continued ability to “speak for” the Scottish economy. In retrospect, oil seems to mark

the end of this relationship. Ultimately, one effect of oil revenue would be to nearly complete Scotland's deindustrialisation in a surge of bankruptcies, takeovers and mergers in the early years of Thatcherism. However, these conclusions were not necessarily clear when oil was first discovered. Initially, traditional parts of Scottish business saw in oil the potential to reinvigorate declining industries, and, in line with their traditional role as spokespeople for the Scottish economy, sought leadership over the new resources. Old business families retained strong political influence in the 1970s and even the 1980s. Edward Heath saw shipbuilding and steel heir Sir William Lithgow as his industrial advisor to Scotland, while Baron Clydesmuir (Ronald Colville), a lynchpin of both industry and finance, became SCDI president in 1972. Lithgow, reflecting his family history, "stood out on his own [for *laissez-faire* individualism] when other Scottish business leaders made their peace with Labour and planning" (Harvie, 2004: 99). Together they tried to rescue a leadership role for traditional Scottish capitalism by reimagining their role in a world context dominated by oil. We can see this emerging in SCDI documents from the time. SCDI continued then to represent the "voluntary" Scottish coalition of capitalists that would define and solve Scotland's economic problems. They saw their role explicitly in those terms, "To harness to the affairs of the community the highly personal qualities of those leaders who work on the frontiers of industry and commerce – men able to sense what lies ahead and to pioneer the new courses" (SCDI, 1972: 103).

SCDI's most radical response to decline was the Oceanspan proposal (SCDI, 1969b; SCDI, 1971b), a forward-looking reimagining of Scotland's economic geography and social structure. This attracted significant cross-class and cross-party support in an era of conflict, despite the leadership of the notoriously anti-trade union Lithgow. The plan involved the reconstruction and reintegration of Scottish engineering along the East-West axis of Central Scotland's "narrow waist". Raw materials would enter the Firth of Clyde, and finished goods would leave for Europe via the Firth of Forth. In between, Scotland "has land, labour and transport to support processing industries using iron ore, oil and chemicals" (SCDI, 1971a: unpaginated). This vividly recast Scotland's world role, imagining a future no longer dependent on the British Union's markets and the Atlantic but instead positioned at the

centre of European trading routes. The Earl of Lauderdale called it “lateral geography” (HL Deb 07 May, 1970: 362-3). Its radicalism consisted in shifting attention from the Atlantic to Europe, but also reframing power relations within Britain on an East-West rather than North-South axis. Foster (2001) describes this as a direct assault on London dominance by Scotland’s old capitalist elites. Lithgow’s Foreword to *Oceanspan 2* clearly spells out how the Europeanisation of trade might allow for a new spatial philosophy of capitalism, in terms that clearly attack London dominance:

It must always be right to undertake production where conditions are most favourable for it; however the agglomeration effect of industry and popularity which is invariably aggravated by centralist policies is in the end self defeating. It is for this reason that regionalism is widely held throughout Europe to be the most important economic issue to be resolved within the next 30 years – the timespan of *Oceanspan*. *We cannot hope to have prosperity and stability unless the centre and periphery are kept in balance. In truth there must be many centres or epi-centres and as Eurospan shows these must and are being linked within a total European grid* (SCDI, 1971b: unpaginated; my italics).

In 1972, the SCDI hosted the second of its five “international forums” which brought together business and political leaders to discuss Scotland’s economic future. The participants, in their own words, “could rightly be described as the type of people who can be found in the various ‘corridors of power’ particularly in Scotland, but to no less extent in Britain” (McGill, 1974: 9). The second forum concerned oil, and the lectures were largely delivered by leaders of the oil industry. However, as expressed in Lithgow’s introductory remarks, the Forum’s aim was clearly to build oil industry support for *Oceanspan* and to present a big business forum for the SCDI’s favoured political themes. Of these, concerns about “centralisation” dominated. This question became the focus for the contradictions in SCDI: their “unionist nationalism” (Morton, 1999), and their anxieties about too many government agencies coupled with a stress on the need for more intervention. W.S. Robertson, speaking for SCDI at the forum, argued that “the task of representing the Scottish

interest, or of maintaining a Scottish initiative, has become impossible" (SCDI, 1972: 100). SCDI, he notes, had once held a monopoly in speaking for Scotland's economic interest, but the new range of London-based government institutions responsible for regional policy had damaged this unified voice. Oil had brought this problem into relief. "A situation which has become increasingly unworkable in recent years certainly cannot provide for the kind of imaginative thinking in which the Scottish community and Government have to join in the situation created by North Sea oil" (SCDI, 1972: 102). He calls, therefore, for the *administrative* devolution of economic powers to the Scottish Office, through a "Scottish Development Authority" linked to oil:

Some may question the need for such an authority, or its relevance to North Sea oil...This course is forced on us by the frustrations of the system as it now is; by needs of 150,000 unemployed and of tens of thousands leaving Scotland; and it is precipitated by the eruption of possibilities created by North Sea oil - possibilities which we cannot grasp without a new official instrument (SCDI, 1972: 103).

Oceanspan, in SCDI's view, would form the basis of this renewal, but for Oceanspan to succeed, it needed Treasury approval for huge investment that could never come from Scottish industry alone. This explains why the overlap with oil is crucial. Lithgow and Colville, representing the old Unionist business elite, had raised with Heath the possibility of assigning a portion of North Sea oil profits to their project of large-scale industrial renewal (Phillips, 2008: 4). That same year, Scotland's Liberals and the Scottish Council of the Labour Party presented overlapping proposals for a Scottish "development agency" funded by oil. Oil thus constituted, for varying political agendas, the foundation of the potential for a successful industrial devolution.

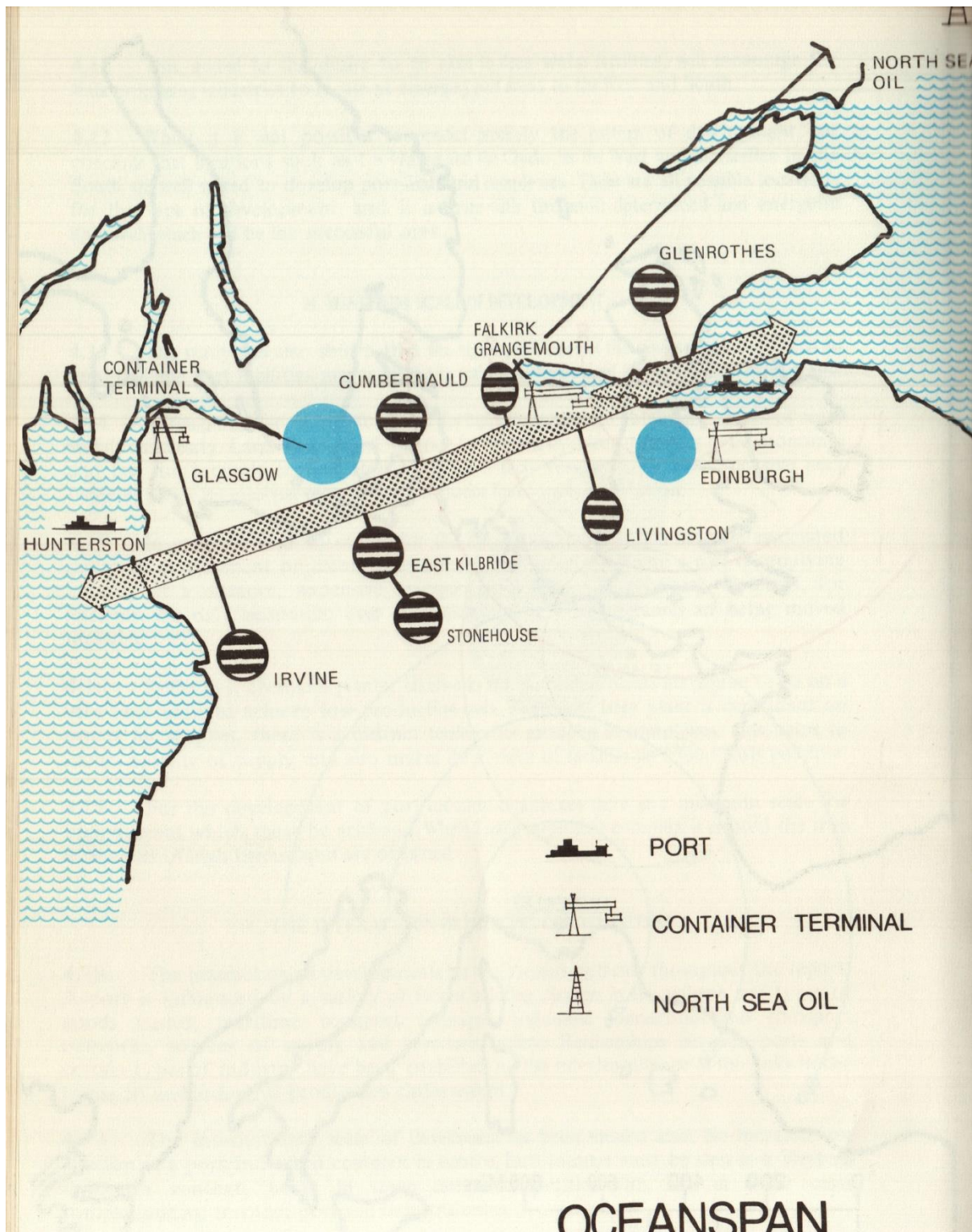


Figure 2: Excerpt from the SCDI's Oceanspan report. Courtesy of National Library of Scotland.

Oceanspan, for all its ambition, involves a surprisingly limited role for North East Scotland given the inevitable oil development in that region. Its main aim is to reorient industrial

West Scotland away from London and (to a lesser extent) America, and towards the new opportunities of Europe to the East. This initially involves a fairly straightforward line across Scotland's "narrow waist" (see figure 2). However, the problems of this soon became manifest. SCDI's *Future of Scotland* report published soon after integrates a new axis. "The main areas of urban expansion should be oriented along a new axis running from the North-East to the South-West, and supplementing the old East-West axis formed by the Central Belt of Scotland" (SCDI, 1973: 6). This suggests that Oceanspan's supporters had seen in oil the potential for financing their elaborate plans for regenerating the West Coast, and that the actual oil industry played a secondary role in these calculations.

Where SCDI considered the oil industry, they largely presented it as a potential ally and the engine of an emerging renaissance. Thus, when warnings about the forces involved in oil emerged at their forums, Scottish business leaders tended to ignore or dismiss them. One of the Fifth Conference's key participants was oil economist Peter Odell (SCDI, 1975: 53-76), a critic of oil companies and government policy and the author of *Oil and World Power* (1975). Odell, briefly an advisor to Tony Benn over BNOC, tried to convince delegates that oil companies were deliberately underestimating the North Sea's potential for commercial reasons. His views take up an entire chapter, and another chapter contains delegates' responses to Odell. Reflecting the prevailing ideological consensus in Scotland, including anxieties about nationalism, most of the delegates doubt Odell's thesis and express support for official views. Delegates also rejected Odell's radical proposal for a distinctively European approach to oil sustainability, which would carve out a separate oil zone with little influence for America.

Oceanspan needed vast financial support to succeed, and Scottish capital lacked the political influence to change Treasury policy. Jim Phillips observes, "Treasury and other Whitehall objections...prevented the plans from securing government support, and it is tempting to see this episode as a terminal point in the history of indigenous Scottish capital" (Phillips, 2010: 21). Thus Oceanspan did not fulfil early hopes of a heavy industry-led renewal, but instead marked its final defeat as political and economic changes in Scotland proved

unmanageable for this class. Certainly, Oceanspan correctly predicted the move towards European regionalism and the potential for business leaders in small, open economies committed to free market policies to take advantage of this. However, the free market vision of these traditional entrepreneurs had a startling paradox. They could never raise the funds for the project on the market, so the project would require a huge investment of government resources. This problem overlapped with the question of devolution and the question of oil. Undoubtedly, a dedicated Scottish share of oil revenue could have funded ambitious projects like Oceanspan. But the Treasury – and to some extent, the Labour Party – were unwilling to grant this concession. One reading of Oceanspan, therefore, is a missed opportunity to put oil money to good use in reviving Scottish industry. However, that interpretation only expresses one side of the problem. As Phillips (2008: 160-1) observes, oil provides new streams of resources for government spending, but it also makes exports demandingly expensive. Indeed, oil, perhaps more than any other single factor, explains the crushing pace of deindustrialisation in Central Scotland under Thatcher as Britain became a “petro-currency”. This quickly rendered any vision of industrial renaissance near to impossible. SCDI had largely portrayed oil as one potential lever to renew manufacturing, but had not considered that oil would become the single biggest threat to Scottish manufacturing in its history.

5.4 The New Left in Scotland: Oil, Alienation and Liberation

The Scottish business elite were not alone in considering whether oil would prove an ally or an enemy for their political agenda. The same question impacts on the 1970s brand of Scottish left-wing thought. In the 1970s a young generation of intellectuals emerged with new perspectives on the Scottish working class’s relationship to the national question. Their views were broadly inspired by the New Left, the intellectual trend of those who were non-aligned in the Cold War, pro-liberation, and aligned to the working class against capitalism. One piece of evidence for Scotland’s New Left influence is the long-observed popularity of Antonio Gramsci (Hearn, 2000: 21; see also Calder, 1994: 238). This movement confronted the question of how to reassert working class agency and the local politics of liberation amid

a new period of transnational capitalism. Nothing epitomised that question in Scotland like the rude intrusion of American oil companies, “the arrival in Scotland of international capitalist imperialism at its most robust and unreconstructed” (Harvie, 1994: 245). This coincided with, and helped inspire, a new interest in the Marxist-humanist concept of “alienation” which proved influential on the margins of Scottish intellectual life. The best expression of these themes arguably emerges in John McGrath’s popular play *The Cheviot, the Stag, and the Black Black Oil*, which drew parallels between North Sea oil and the Highland Clearances, and suggested that the exploitation of Scotland’s resources paralleled “Third World” experience:

In other parts of the world - Bolivia, Panama, Guatemala, Venezuela, Brazil, Angola, Mozambique, Nigeria, Biafra, Muscat and Oman and many other countries - the same corporations have torn out the mineral wealth from the land. The same people always suffer. Then it was the Great Sheep. Now it is the black black oil. Then it was done by outside capital, with the connivance of the local ruling class and central government - and the people had no control over what was happening to them. Now it is being done by outside capital, with the connivance of the local ruling class and central government (McGrath, 1974: 32-3).

However, in the non-fiction genre, *The Red Paper on Scotland*, edited by Gordon Brown, perhaps best epitomises this trend of thinking: Davidson calls it the “volume that in many ways represents the climax of the process by which Gramsci’s ideas were received in Scotland” (Davidson, 2010a: 37). Here, we can analyse precisely how and whether the New Left considered that the oil industry could become an ally of radical socialist transformation.

The authors of the *Red Paper* are keenly aware that oil has created a dividing line between old and new Scottish politics. Both Labour “unionists” and nationalists made this point.

Gordon Brown: "For the first time since the Union, oil and the political response to it has swung the balance of influence within Great Britain in favour of Scotland, giving the Scottish Labour Movement in particular a new bargaining power" (Brown, 1975: 8).

Tom Nairn: "The nostalgic literary nationalism [MacDiarmid] led from the 20s onwards was not a 'comprehensive-enough agency' to do this. Neither were the political movements that accompanied it. The persuading programme which made the difference was the petroleum business: the largest, richest, most aggressive, and most international form of capitalism in the world" (Nairn, 1975: 22).

In previous eras, both authors suggest, autonomous thinking in Scotland lacked the "bargaining power" or a "comprehensive-enough agency" to impose social change on its own terms. Scotland's radicalism took above all a literary form, in figures like Lewis Grassie Gibbon, Norman Buchan, Hamish Henderson, and Hugh MacDiarmid. Communism, which inherited syndicalist and other native radicalisms that had once belonged in the ILP, also had some influence on Scottish ideas (Knox, 1999). Although its electoral impact was negligible outside Fife, it made some impact on trade unionism, both at grassroots and at bureaucracy level. At the UK Communist Party's height, an estimated quarter of its membership was located on Clydeside (Kerevan, 2010). Nonetheless, although the Communists played a role in winning labour movement support for devolution, few real shifts in Scottish history can be attributed to their agency, except perhaps UCS (see section 7.2), which also represents the twilight of Scottish Communism. Certainly, communism's influence on the workers often failed to shake up the Scottish intellectual culture. Labour, since Johnston, had become intellectually and economically dependent on the British state for its projects in Scotland. There was little meeting ground between working class politics and intellectual radicalism. One noted reason for this was a complacently middle class native culture of ideas: as Christopher Harvie notes, "In Scotland an intellectual meant a professional man, who lived a life dominated by a few choice institutions: family, kirk, golf club, former pupils' club" (Harvie, 2004: 117). In that context, oil, a commodity renowned for its centralising and undemocratic qualities, could act as the lubricant to free up Scottish

“agency” from Westminster. Leftists had become increasingly disillusioned with planning. Thus, Ray Burnett’s introduction to *The Cheviot...* argues that, “The ‘improvers’ of yesterday are the ‘planners’ of today. The message has changed, the attitudes have not” (McGrath, 1974: 3).

Offshore oil, arguably the most predatory and technological industry of the age, therefore acted as an energising intrusion into Scottish life, inviting a critical standpoint on Scottish “backwardness”. The effect for Labourists, leftists and SNP sympathisers was that economic dependence becomes less a question of geographical and historical accident, and more a matter of misused resources. This meant that Scottish agency could matter again.

Crucially, though, the authors of *The Red Paper* are not just concerned with redistribution, but with consciousness and freedom. Gordon Brown sees this as a return to themes lost from Scottish Labour politics after the ILP’s collapse: “More than fifty years ago socialism was a qualitative concept, an urgently felt moral imperative, about social control (and not merely state control or more or less equality). Today for many it means little more than a scheme for compensating the least fortunate in an unequal society” (Brown, 1975: 8). Perhaps the most influential new left theme in Scotland is the concept of “alienation”, which again must be linked to oil. If alienation refers primarily to the experience of being controlled by “blind” forces seemingly beyond the agent’s control, then, with its advanced technology, limited workforce, and relationship to world financial forces, offshore oil epitomises the alienation experience. Certainly, Scotland’s oil politics are surrounded by the theme. It appears, perhaps most famously, in Jimmy Reid’s celebrated rectorial address at the University of Glasgow, but it also features throughout the *Red Paper*:

Jimmy Reid: “Alienation is the precise and correctly applied word for describing the major social problem in Britain today. People feel alienated by society...Let me right at the outset define what I mean by alienation. It is the cry of men who feel themselves the victims of blind economic forces beyond their control. It's the

frustration of ordinary people excluded from the processes of decision making. The feeling of despair and hopelessness that pervades people who feel with justification that they have no real say in shaping or determining their own destinies" (Reid, 1972: 5).

Gordon Brown: "It is argued that what appear to be contradictory features of Scottish life today - militancy and apathy, cynicism and a thirst for change - can best be understood as working people's frustration with and refusal to accept powerlessness and lack of control *of blind social forces which determine their lives*" (Brown, 1975: 8; my italics).

Ray Burnett: "The search for an identity outwith the heavy economism of class struggle and the suffocating cultural plasticity of our society is to be welcomed. The increasing working class awareness that a man as a worker is more than a mere wage slave, that he is both a producer and a creator with traditions and achievements behind him which show the abilities of his class in a creative and expansive sense, is of vital importance" (Burnett, 1975: 120).

Oil plays an ambivalent role here. A foreign, disruptive and all-powerful force, it represents an alienation more radical than anything encountered before. While the physical nature of the coal industry can foster working class solidarity and local autonomy – and thus industrial strength – oil extraction tends against all of these. However, oil also raises the prospect of liberation politics, highlighting the need for greater autonomy and forcing communities to waken up to the conditions of the new capitalism. It would be fair to conclude that the radical left never resolved the contradictions that they identified in the 1970s. Divisions and the failure of the devolution referendum left these debates suspended. Burnett's critique of the SNP, that they had failed to show how the Scottish economy could become the servant of the Scottish people, may equally apply to the Left that arose at this time.

5.5 Nationalism & Oil

Oil's most obvious political relationship is with Scottish nationalism, or, more specifically, with the fortunes of the SNP. Gavin McCrone argued that "Scottish nationalism has been much more concerned with economic prosperity than nationalist movements in other countries" (McCrone, 1975: 1). Scotland was never a British colony, and retained significant cultural freedom after the Act of Union even compared to Ireland and Wales, never mind India. Therefore, the impulse for nationalism tended to focus on how a Scottish parliament could make better use of Scotland's resources. One problem with this position – which again highlights the case of Thomas Johnston – is that Scotland was perceived as having meagre resources to make this work successfully. Before oil, Scotland, with a GDP per head 88 percent of the British average (McCrone, 1999b: 31), and significantly higher public spending, was "dependent" on Britain, and while more devolution could work financially, full independence seemed unaffordable. Scottish nationalists had periodically tried to refute these problems. James Porteous had claimed in 1947 that Scotland was effectively subsidising the rest of the UK through taxation (Porteous, 1947). The SNP repeated this claim throughout the 1960s, claiming that Scots subsidised England by anywhere between £30 million and £120 million per year (Harvie, 2004: 130). Although most thinkers regarded such claims as eccentric or even absurd, the heresy prompted some of the first research into Scotland's national accounts. Kenneth Alexander's 1968 study of Scotland's balance sheet was one such example (see also Stewart, 1969). But the most decisive rebuttal came from Gavin McCrone (1969b), the Oxford economist who would become the Scottish Office's first senior economic adviser.

Nationalism depended on economic disaffection, but was perceived to lack a serious economic programme, and was thus subject to the electoral cycles of protest votes and incorporation. This was why oil's intervention proved so important. As the *Economist* noted in 1974, "[Scottish] Nationalism has tended to advance and recede with the British economic pulse; oil may now be a more permanent factor" (quoted in Harvie, 1994: 119).

Even with the Forties oil field discovery, “unionist” politicians used the nationalists’ reputation for making wild and wonderful economic claims against them. And as Christopher Harvie notes, “for the Scottish National Party to claim in September 1972 that oil production could be worth £2,200 million per annum...by 1980 still appeared astonishing” (Harvie, 1994: 44). Without the Yom Kippur war and the OPEC oil shock a year later, unionists could easily dismiss SNP views on the oil future: North Sea oil was expensive to extract and overwhelmingly dependent on foreign capital. However, shocks abroad and related events in Britain, such as the three-day week, gave legitimacy to the slogan “It’s Scotland’s Oil”. As a result, the SNP returned six and then eleven MPs in the two elections of 1974.

Tom Nairn, once a critic of nationalism (Nairn, 1968; Davidson, 1999), justified his transition by pointing to the crucial divide in Scottish – and world – history introduced by the oil issue. “The impact of the oil industry on Scotland and of the U.S. multinationals on the French *midi* is provoking a new Scottish and Occitanian separatism; but, to a greater extent than is realised, this is a *sui generis* phenomenon which should not be assimilated to classical European or Third World ‘nationalism’ at all” (Nairn, 1981: 128). Nairn dismissed earlier displays of “pious, somewhat sleekit debates about ‘Home Rule’ for Scotland [that] appeared and reappeared in imperial politics since the 1880s” and admitted that “cramped, stagnant, backward-looking, parochial – all these and others are the epithets traditionally and rightly ascribed to modern Scottishness” (1981: 130-1). But this only highlighted the momentous impact of oil-fuelled neo-nationalism: “It could not be imagined, then, that a drop or two of petroleum spirit would bring [the Scotsman] staggering to his feet, demanding the restitution of his lost political kingdom” (1981: 131). Nairn did allow that Scottish neo-nationalism had similarities to nineteenth and early twentieth century forms, because it was spurred by the threat posed by a foreign invader: the US oil companies. However, having already reached industrial modernity, Scotland’s path would be different, and above all complicated by the EEC and trans-nationalism. Nairn notes that nationalist ideologies usually deny the role of historical accident, and he went furthest of all the nationalist thinkers in emphasising contingency. For Nairn, the qualitative shift in Scottish

expectations in the 1970s had roots in a chance discovery – oil in Scottish waters – alongside a longer term cause, British imperial decline. This hints, of course, that without oil Scottish nationalism may have lain dormant indefinitely.

Nairn strongly asserts and embraces the paradox that the most alienating form of capitalist imperialism could give rise to positive unintended consequences. However, other left-wing nationalists presented a more cautious view. Stephen Maxwell, who helped popularise the slogan, “It’s Scotland’s Oil”, saw the potential in the industry and its dangers. For Maxwell, the problem was not simply Scotland’s weakness against all-powerful oil majors, but also the dangers posed by an over-mighty state. With independence, he argued, revenues would allow for a huge expansion of government spending; indeed, oil taxation would be so large as to overwhelm the “mixed economy” (Maxwell, 2013b). The result, he suggested, could be an over-mighty government trampling over citizen autonomy. Again, with reference to Boltanski and Chiapello (2003), we can see here elective affinities here between the New Left and the New Right, with common fears of big government and big corporations, and the stress on local agency as an inherent moral good. Left-wing nationalism, while looking to the working class for support, continued to draw upon the older imaginary of nationalism, the small man crushed between the bigger forces of history, and the search for psychic compensation against modernising forces (Davidson, 2000; Williams, 1981: 279-80). This may explain why left-wing ideas helped recruit people to nationalism – alienation, powerlessness against grand forces of history – and why people recruited on this basis could so easily transition to the new realism of the 1990s.

Perhaps the most superficially appealing grounds for a left-wing nationalism, at the time, was the analogy with the wave of Third World states that had gained independence from European powers. This comparison, where it suggests that Scotland has been or is an English colony, is also the source of frequent academic criticism (e.g. McCrone, 1984). The era of North Sea oil did inspire some revisionist histories of Scotland suggesting that it had been part of a Celtic colonial fringe (Hechter, 1977; Young, 1979). As the literature review mentioned, such views influenced those who opposed the SNP as well as those who

supported its aims. However, the colonial metaphor has been most lastingly influential outside of the immediate economic sphere, and tends to appear most often in literature and cultural criticism. To be more precise, what has been colonised, in this imagination, is Scotland's culture and language rather than its unevenly developed economy. This claim is about the sense of inferiority that is produced by dominance from the metropolitan centre. It has roots in Hugh MacDiarmid/C.M. Grieve, but continues to enjoy some serious academic attention (Beveridge and Turnbull, 1989; Jackson and Maley, 2002; Connell and Sheppard, 2011). James Kelman, who frequently draws on Africa's cultural colonial experience to explain Scotland, is perhaps most famously associated with this thesis (Lambert, 2011). Hearn's ethnographic work has shown that such metaphors and ideas are not simply confined to the academic sphere, but enjoy a wider cultural resonance in Scotland (Hearn, 2002: 755-6). Although these ideas departed from a direct political-economic theory of colonisation, they drew on economic experience in articulating this culture, with themes of North Sea oil and deindustrialisation in particular standing in for alienation.

Nationalist thinkers were capable of subtlety in handling these experiences. Nairn's ideas did not depend on any thesis of English colonisation, or on denying Scotland's historical role in colonialism. Another interesting example is Maxwell's edited collection on the links between Scotland and Third World development (Maxwell, 1982). (Chapter 6 will explore these comparisons in greater detail.) Maxwell clearly acknowledges that Scotland's experience differs, since Scotland had been a key participant in the British Empire. His case rests more on the contemporary experience of America's multinational corporations, and how Scotland's experience, epitomised by the North Sea industry, can provide lessons for others. Experiences of "dispossession" and "imperialism" are not necessarily exclusive to formal colonisation, and may highlight a broader logic within capitalism. Indeed, many geographers and social scientists have focused on how America's contemporary form of capitalist world control does not require formal political domination of markets (Harvey, 2003; Smith, 2003). Often, that experience of multinational corporate control is explained through colonial metaphors, where privatisation, for example, is compared to theft by a

colonising power: David Harvey's concept of "accumulation by dispossession" is one example.

It would be wrong to assume that Scottish nationalism's responses to oil had a uniformly leftist ideological impact. Right-wing nationalism also grew: commercial leaders including the second Sir Hugh Fraser switched to the SNP on economic grounds. Fraser donated money to set up the Fraser of Allander Institute, named for his father, at the University of Strathclyde. David Simpson, a supporter of nationalism on free market grounds, became its first Director and took up a chair at Strathclyde. Simpson, like the nationalist left, recognised the pivotal role of oil:

The principal factor in the movement towards self-government appears to have been the replacement of a British by a Scottish identity, a process similar to that which can be detected in such countries as Australia, New Zealand and Canada. *But in Scotland the movement was contained by the fear that independence would mean a serious fall in the standard of living...* The discovery of oil has virtually abolished this fear, and with it *the principal political constraint on the movement towards independence* (Simpson, 1976: 60; my italics).

From a pro-market perspective, Simpson also highlights a similar danger to Maxwell: the threat of an omnipotent Scottish state. "Since I presume that all but a few diehard Stalinists would agree that the concentration of the ownership of assets in the hands of the state is a dangerous thing, steps would have to be taken to see that the ownership of these resources was ultimately dispersed throughout the community" (Simpson, 1976: 62). Right-wing and left-wing versions of oil-fuelled nationalism thus contain similar dilemmas, with class agency being the main variable. In this era, Maxwell and later his allies in what became the 79 Group put greatest faith in the Scottish working class as the agents of Scottish social renewal. Later, there is notable shift in emphasis, with the evangelical force of left nationalism increasingly focused on "civil society" and, in Maxwell's case, the so-called

Third Sector (2013b). Right-wing nationalism faced another dilemma: should oil wealth fund tax cuts for existing (and arguably “failing”) Scottish capital, or would the energy of revival come from elsewhere? Again, there is a detectable shift in later decades, with greater emphasis on more nebulous forces like inward investment and “enterprise” from below. Oil glued these disparate agendas together, allowing both Maxwell and Simpson to insist that oil’s benefits must be transferred from the state “to the community”.

Scottish nationalism had always tended to occupy a “Third Way” between socialism and free market capitalism. However, before oil, they found it difficult to present their alternative as being different to or better than Scotland’s current position in the Union with its Labour-Tory pendulum. Oil played a crucial role in allowing them to present a protest position that offered benefits for everyone from the big businessman to the unemployed worker.

In numerical terms, there is no strict one-way causal process linking oil with the fortunes of Scottish nationalism. Indeed, the SNP fell into political crisis just as oil revenues peaked. Moreover, oil’s catastrophic impact on Scottish industry almost certainly damaged confidence in full independence while leading to a consensus around devolution. However, oil remains (as of 2016) structurally crucial to Scottish nationalist ideology. While the resource has declined, its political role has remained central, even where nationalists officially deny it: from the 1980s to the 2014 White Paper, oil has allowed them to bridge their imaginary gap between Scandinavian welfare and American-style growth-by-tax-cuts. Oil can synthesise rival social agendas and allows for studied political vagueness as to whether an independent Scotland will move in a left-wing or neoliberal direction. And, despite the arbitrariness of where oil is discovered, it plays a crucial in the moral economy of nationalism. Job losses and industrial decline under Thatcher, Scotland’s biggest post-War trauma, could otherwise be viewed as the inevitable long-term result of Scottish capitalist mismanagement. That interpretation can be held by both the left and the right of politics, depending on whether one chooses to blame working class intransigence or ruling class greed and incompetence. Oil allows for a third option, where Thatcher’s Westminster

squandered a huge opportunity and deliberately inflicted damaging policies on a resource-rich periphery. Oil thus stands metaphorically for the dangers of centralised power unchecked by local democracy, a major theme in both leftist and rightist nationalist critiques of the UK state. That theme influenced Labour as much as the SNP, but exercises its most enduring influence on nationalism proper.

5.6 McCrone Report

As already stated, various parties and factions within Scotland began to debate how Scotland should benefit economically from oil. These ranged from outright Scottish nationalists to old Unionists like Lithgow who saw in oil money the potential to reinvigorate heavy industry and Scottish capitalist leadership. Oil acted as an imaginative lubricant for thinking about a new, devolved Scottish economy. However, the Treasury and leading forces inside British Governments insisted on the principle of “non-hypothecation”, or that Scotland should get no specific, defined benefit from oil (Kemp, 2012b: 568). Evidence now supports the SNP’s claims that Scotland would have been richer if the country had achieved independence in the 1970s, although whether Scotland would have avoided deindustrialisation given the effects of “Dutch disease” is more debatable. Brian Ashcroft (2013), a pro-Union economist, has estimated that Scotland’s budget would be in £68 billion surplus given a geographical share of oil, whereas under the Union it has instead accumulated an £83 billion share of debt. However, many nationalists go beyond this and claim that the British Labour government deliberately “conspired” to mislead Scotland about precisely how much wealthier the country could have been. These claims centre on a report written during the last months of Edward Heath’s government, authored by Gavin McCrone and titled *The Economics of Nationalism Re-Examined*. Marked “secret”, the report was hidden and forgotten in archives until 2005 when an SNP freedom of information request uncovered its existence. Eight years later, Denis Healey, once a sharp critic of nationalism as Labour Chancellor, admitted to Holyrood Magazine that Westminster deliberately understated oil’s significance (Rhodes, 2013). And in 2014 the Herald uncovered a second report, “McCrone 2”, written in 1976 again by Professor McCrone, advising the

government to set up a Norwegian-style oil fund (Gordon, 2014). Together, these incidents have furthered claims of a “conspiracy”.

Faced with rising support for Scottish nationalism, McCrone intended his report, as explained in his covering letter, as “classified” advice to help incoming ministers “take the wind out of SNP sails”. However, its propositions made disturbing reading for anyone wishing to discredit nationalism: it confirmed and even magnified SNP claims that Scots would be far richer under independence. “All that is wrong now with the SNP estimate is that it is far too low,” McCrone warned. “There is a prospect of Government oil revenues in 1980 which could greatly exceed the present Government revenue in Scotland from all sources and could even be comparable in size to the whole of the Scottish national income in 1970” (1975: 5-6). The paper concluded:

The advent of North Sea oil has *completely overturned the traditional economic arguments used against Scottish nationalism*. An independent Scotland could now expect to have massive surpluses both on its budget and on its balance of payments and with the proper husbanding of resources this situation could last for a very long time into the future...for the first time since the Act of Union was passed, it can now be credibly argued that Scotland’s *economic* advantage lies in its repeal (1975: 16; my italics).

McCrone, as Chapter 4 showed, wrote the first sophisticated rebuttal to the economics of Scottish nationalism. He was not – and is not – a Scottish nationalist. However, he observed, pragmatically, that “it is on social and political grounds *alone* that the case for retention of the union will in future have to be based” (1975: 17). Moreover, “If, in five years’ time North Sea oil is contributing massively to the UK budget, while the economic and social conditions of West Central Scotland continues in the poor state that it is today, it would be hard to imagine conditions more favourable to the growth of support for the nationalist movement” (1975: 18).

Central government did not dismiss these claims. After the nationalists gained eleven seats in the second election in 1974, a group of eleven civil servants met in April 1975 to discuss McCrone's central ideas. A final draft of these discussions admitted a "popular view" was that Scotland would become "the Kuwait of the western world" and its traditional economic problems would disappear. It also admitted that an independent Scotland would enjoy 25 to 30 percent more wealth than England in the 1980s (Johnson, 2009).

Politicians with strongly contrasting views on independence have accepted that, if released, the document would have transformed debates about the Scottish economy:

Billy Wolfe, then SNP leader: "If that information had been published before the October 1974 election we would have won Scotland and it would be a much wealthier and happier place. A whole lot of economic factors would be a lot different, especially in the fishing, steel and shipbuilding industries. It would have been a tremendous boost for Scotland."

Tam Dalyell, then Labour MP for West Lothian and anti-devolutionist: "In my view it might have [led to independence]. It could have tipped the balance in a number of seats including mine. Oil was very much a totemic issue. It was new and it was dramatic. Politics at that time was very different. In 1974 my majority went from around 6,000 in February to around 2,000 after the October general election. It was most unpleasant. People were saying 'it's our oil'." (Russell and Kelbie, 2005).

Outright independence was not officially an option during this period. However, before devolution, many have traditionally argued that an independence referendum would be triggered if the SNP gained a majority of Scottish seats at Westminster. Given the potentially large implications of the report, such an election result was certainly an outside possibility.

McCrone rejects allegations of conspiracy. Indeed, in interviews for this research, he noted that his findings were not original, and that the *Observer* had already published similar claims. Since newspapers and public sources already reported expected volumes of oil, his intervention was simply to point to the political impact of the revenues:

Interview with Gavin McCrone: "Everyone knew how much oil there was likely to be in 1980: that had been published. What hadn't been published was what the revenues ought to have been at that time. And I wrote this paper...The *Observer* newspaper had, on two successive Sundays, huge articles about what the oil revenues ought to be."

Although McCrone wrote the report to tackle nationalist arguments, he had other motivations too. The British government had to confront the oil majors who would, under Tory proposals, pay negligible tax by posting losses from investment abroad as part of their balance sheets. An equally pressing anxiety was that Britain was losing all control to the powerful oil companies; Scottish nationalism was simply symptomatic of Britain's failure to integrate oil taxation into social policy.

Interview with Gavin McCrone: "I thought, in the run up to the election of 1974, that an incoming government had to be properly aware of what the potential in the North Sea Oil was, and what effect that might have on the politics of Scotland. Because the outgoing Conservative government had totally failed to deal with that...They'd met on several occasions and they couldn't agree on what to do in order to ensure an adequate taxation revenue from the North Sea. They were in danger of letting the whole thing slip away. The Norwegians did it partly by having a special tax, and partly by having state ownership, because the Norwegian company Statoil had a share in all the oil fields. The Tories, for ideological reasons, were unhappy with that... I remember [Harold Wilson, then leader of the opposition] said that a nurse in a London hospital was paying more tax than an oil company. So it was a fairly

scandalous situation that had developed. So I wrote this paper just to warn the incoming ministers, whether Labour or Conservative, that something had to be done about this."

McCrone's confidential advice, from his perspective, went far beyond Scottish questions. While he willingly invoked fears about the breakup of Britain for his purposes, his aim was to highlight the deeper injustices and weaknesses of the British government's relationship to the oil industry. McCrone was suggesting, in other words, that failing to use the oil wealth properly would risk social conflict in general, of which nationalism was one possibility. The secrecy surrounding the report, McCrone argues, was partly the standard convention of how civil servants address government ministers, and partly about an unwillingness to weaken the government's negotiations with the oil companies:

Interview with Gavin McCrone: "It was never hushed up, as is now suggested. But it was regarded as a sensitive subject so it was highly classified, that's all. I couldn't publish it: I'd have been drummed out of the civil service straight away if I had. Ministers obviously weren't ready to say how much revenues they thought they would get, because they hadn't put the taxation system in place. And it was the Labour government which eventually put all the things in place which enabled the tax revenues to come through, more or less on the scale that I'd predicted. So that was the background to that. I was quite amused when it all became public, because I'd totally forgotten about it."

The oil companies mirrored this regime of secrecy. "Oil company operations in the North Sea tended to be shrouded in secrecy with codes known only to a few senior company executives being used to pass information by radio telephone or telex between rigs and company headquarters" (Corti and Frazer, 1983: 49). The government's behaviour may have been at least partly motivated by the *commercial sensitivity* of the information, rather than the

political sensitivity. They wanted to keep their strategy about taxes from the oil companies who aimed to pay as little tax as possible.

Do these incidents, taken together, add up to a conspiracy? McCrone emphasises that his report's secrecy was no departure from existing ministerial practice. Whether ministers ought to publish sensitive and politically damaging advice is another question, but the report's privacy was not "exceptional" and thus arguably was not a "cover-up" in the deliberate sense. However, although McCrone himself was simply conforming to existing practice, the Report does prove that government ministers knew more about revenues than they suggested. It hints at a broader asymmetry behind the communities affected by oil and the state benefitting from it.

These issues are not peculiar to Scotland and Britain. Norway's parallel case proves that good (or at least) better models do exist (Cumbers, 2012), but most countries have experienced negative effects from oil discoveries, ranging from "Dutch disease" to corruption, superpower interference and civil wars. Since oil wealth rewards the central state, and since oil constitutes the most decisive capitalist commodity of the twentieth century, its presence often fosters conflicts over the geography of state power. A recent study by academics at the Universities of Portsmouth, Warwick and Essex suggests that foreign intervention in civil wars is 100 times more likely in conflicts between oil-rich nations than in conflicts between regions without oil (Bawden, 2015).

North Sea oil represents a historic injustice on a large scale. However, to argue that "Britain" succeeded at Scotland's expense is one sided. Somewhat tragically, Britain received little benefit from the oil, and although the oil revenues going to London had reached a huge volume by 1984, they just covered the cost of paying for nearly four million unemployed (Phillips, 2008: 180). As Phillips notes,

Outweighing the Scottish question was the government's dependence on US capital for exploration, development and extraction. If it was not, in fact, Scotland's Oil, then neither was it quite Britain's Oil, with major oil corporations pushing hard to minimise the ground they were obliged to concede to the new government from 1974 onwards (Phillips, 2008: 162).

Some might question the morality of putting the Scottish claim first before the poorer regions of England and Wales. However, McCrone's report, interestingly, argued against that:

Nationalist policy as outlined in this paper can, of course, be regarded as extremely selfish. Undoubtedly it is, but it can be argued that so long as Scottish GDP per head is only 70 per cent of the European average, the unemployment and migration rates among the highest and the country regarded by the EEC as one of its worst problem regions, then Scotland is justified in using her own resources to rectify these problems rather than relying on the generosity of others (McCrone, 1975: 17).

Overall, we must assess the McCrone report in its two contexts, its intended 1970s audience and the audience that discovered the "hidden" report in 2005. McCrone's phrasing undoubtedly aimed to warn incoming ministers and the starkness of his language reflects this. He was not alone in making these warnings. McEwen-Younger, the Scottish Tory chairman, warned his government in 1972 that "if the Government permits North Sea Oil to be treated as a purely extractive industry...[then] the consequences for the Tory party in Scotland will be disastrous" (Phillips, 2008: 152). Contemporary views of the report reflect both the growing influence of nationalism within devolved Scotland, and the long-running ideological battle over Scottish public finances. For populist Scottish nationalists, the McCrone report remains a central part of their argument about Scotland's economy, with the implication that, having covered up evidence in the past, Westminster may be misleading the Scottish public again (Wings Over Scotland, 2014: 11).

5.7 Official Responses: SDA, Barnett and GERS

North Sea oil shaped official presentations of the Scottish economy and the Scottish economic interest. The Scottish Development Agency (SDA), a state-run group, would replace the SCDI as the dominant forum and agenda-setter on issues surrounding the Scottish economy. The name, and the concept, of SDA arose in a White Paper on North Sea oil (Kemp, 2012b: 312-13). Similarly, despite the failure of Scotland's first devolution referendum, Westminster delegated more powers over spending and the economy to the Scottish Office (although see Mitchell, 1990: 99), which again reflected debates about oil. Spending by Scottish (and other regions) came under the jurisdiction of the Barnett Formula. This was devised in the run-up to the 1979 devolution referendum to adjust Scotland's share of public spending based on changes in population. It remained (secretly) in place until it was discovered in the early 1980s. Both Barnett and the SDA were compromises amid debates about precisely how greater Scottish (administrative or political) devolution should be funded by oil. They aimed to reconcile full Treasury control over oil funds with perceived "justice" for Scotland. Later, when the campaign for devolution resurfaced under Thatcher, the Government began to publish national accounts for Scotland. Government Expenditure and Revenue Scotland (GERS) has been deeply contested ever since, particularly over the manner in which it presented Scotland's "right" to oil revenues.

A combination of the devolution debate and the oil question combined to prompt the question of how Scotland's economic renewal should be managed and promoted. By comparison with earlier eras, this prompted some radical steps towards industrial and economic devolution. As Gavin McCrone remembers,

Interview with Gavin McCrone: "The administration of the regional grants was transferred to Scotland, previously it had been done in London. And the discretionary grants actually came to the Scottish Office. The Regional Development

Grants were automatic, they stayed with the DTI, but the other grants came to Scotland. So that was a big change, and without North Sea oil we wouldn't have got these things. But that was all part of the perceived urgency to try and do something for Scotland at the time.”

SDA was perhaps the most radical and enduring step in administrative devolution. However, from the beginning, the Treasury asserted strong limits on its power and its budget. “No hypothecation” meant there would be no *specific form of public expenditure*, e.g. Scottish development, linked to North Sea oil. This ruled out linking the flow of oil money to the budget for modernising other regional industries. As mentioned above, their most prominent fears were that without full control over oil revenues, Britain’s external creditors would lack trust in Britain’s finances. This caused Treasury officials to seek to slow and even impede the path towards political or economic devolution, as noted by Kemp:

In further deliberations the Treasury unveiled a further argument in favour of the continuing centralisation of UK oil revenues. This related to external financing with the key issue being the perception among external UK creditors that the prospective self-sufficiency in oil by 1980, with a net export surplus to follow, provided the key underpinning for the servicing and repayment of the debts currently being accumulated. There was a risk that the publicity surrounding the path to devolution would call into question the viability of the UK as a debtor. If the new assembly in Scotland had a nationalist-dominated government external creditors of the UK could take fright. The remarkable conclusion drawn was that progress towards devolution should be delayed for as long as possible (Kemp, 2012b: 570).

Certain Labour leaders, notably Roy Jenkins and Denis Healey, were equally uncertain about devolution and sought to slow its advance to prevent “separatist” arguments about oil (Phillips, 2008: 165). The SDA’s eventual form – its powers cut short by the failure of devolution and by the principle of non-hypothecation – reflected these worries. As Sir

Douglas Henley of the Treasury remarked in a note in late summer 1974, the SDA was “intended to contain the pressure for benefits to Scotland ‘associated with’ North Sea oil without, as we sincerely hope, an undue proportion of resources and environmental development in Scotland” (Mitchell, 2009: 29). The key financial forces in the British state thus intended to unbundle the issues of regional development, oil, social change and devolution, while still hinting that they were connected to avoid controversy.

These limits disappointed many Scottish experts at the time. Treasury opposition to “hypothecation” seriously limited funds for an Oceanspan-style renewal or any other form of state capitalist project. SDA’s spending, at £70 million, fell far short of the billions going to the Treasury (Maxwell, 1991: 131-2), which peaked at £12 billion in 1984/5 (Kemp, 2011: 120), and the SDA was specifically barred from investing in oil activity. It certainly stopped short of the more radical forms of state capitalism preferred by industrial modernisers and Scottish Labour. UK Labour figures like Stuart Holland had favoured the Italian IRI formula, where the state would act as entrepreneur, taking risks and if necessary funding losses in pursuit of regional development (Holland, 1972; Holland, 1976). In 1970s Italy, despite its centre-right politics, the state owned and controlled up to 50 percent of big businesses (Tolliday, 2000: 242). These ideas were undoubtedly fashionable in Scotland, as George Kerevan remembers:

Interview with George Kerevan: “The Italian IRI model – the old model of creating a state enterprise board that would set up companies in the regions and fund them – that was very much the vision people had for the Scottish Development Agency.”

The more radical visions of SDA hoped for a specific Scottish budget funded directly by a share of North Sea income. That option was favoured by McCrone and others as a compromise designed to confront nationalist accusations of unfairness. From an economic perspective, it would mean that Scotland’s budgets would be protected beyond the political and economic cycles of Westminster.

Instead of funding devolution through a specific oil fund, Joel Barnett, Chief Secretary to the Treasury, devised his famous formula for public spending in 1978. Between 1957 and the first devolution referendum, Scottish public spending had been decided by “political in-fighting and compromise” (Hallwood and MacDonald, 2009: 5) between the Treasury, the Scottish Office and other departments. However, the proposed devolution highlighted the limits of such arrangements, not least because it would allow nationalists space every year to argue that Scotland should receive a greater share of “Scotland’s oil”. Hence, the “Barnett Formula” set proportionate spending at 80:11:9 between England, Scotland and Wales to avoid future wrangling. It continued to operate even when the devolution referendum failed to secure a sufficient majority of Scottish votes. This was theoretically to Scotland’s advantage, giving the country a share of spending greater than its population, but the formula sought to iron this out by declaring that future increases in funding would take place on a per capita basis, i.e. that if England increased spending by £4 per capita, then Scotland’s spending would increase £4 per capita (McCrone, 1999b). This, theoretically, was supposed to lead to convergence, the so-called “Barnett Squeeze” (Midwinter, 2000; cf. Cuthbert and Cuthbert, 2001). For various reasons, this did not happen, and the “Barnett Formula” has become synonymous with higher spending for Scotland. Today, it arguably remains one of the most popular economic reasons for Scotland staying inside the UK Union.

The question of whether to include North Sea profits in regional accounts had long troubled government statisticians. Should they be apportioned to the regions adjacent to the North Sea? The Director of the Central Statistical Office rejected this because the profits would become so large as to nearly double the listed Scottish GDP. Instead, a twelfth, offshore region was created. Although technically branded “offshore”, this region did not include activities like fishing, shipping and aviation, and instead became the official statistical repository for gas and oil activity (Kemp, 2012b: 571).

Today's most important statistical account, which "unionist" parties and thinkers have used to cast doubts on nationalism's economic credibility, is the official Government Expenditure and Revenue for Scotland (GERS). GERS began as a highly politicised exercise, conceived by Tory Scottish Secretary Iain Lang to discredit both Labour and the SNP. In a letter to John Major, Lang said GERS was

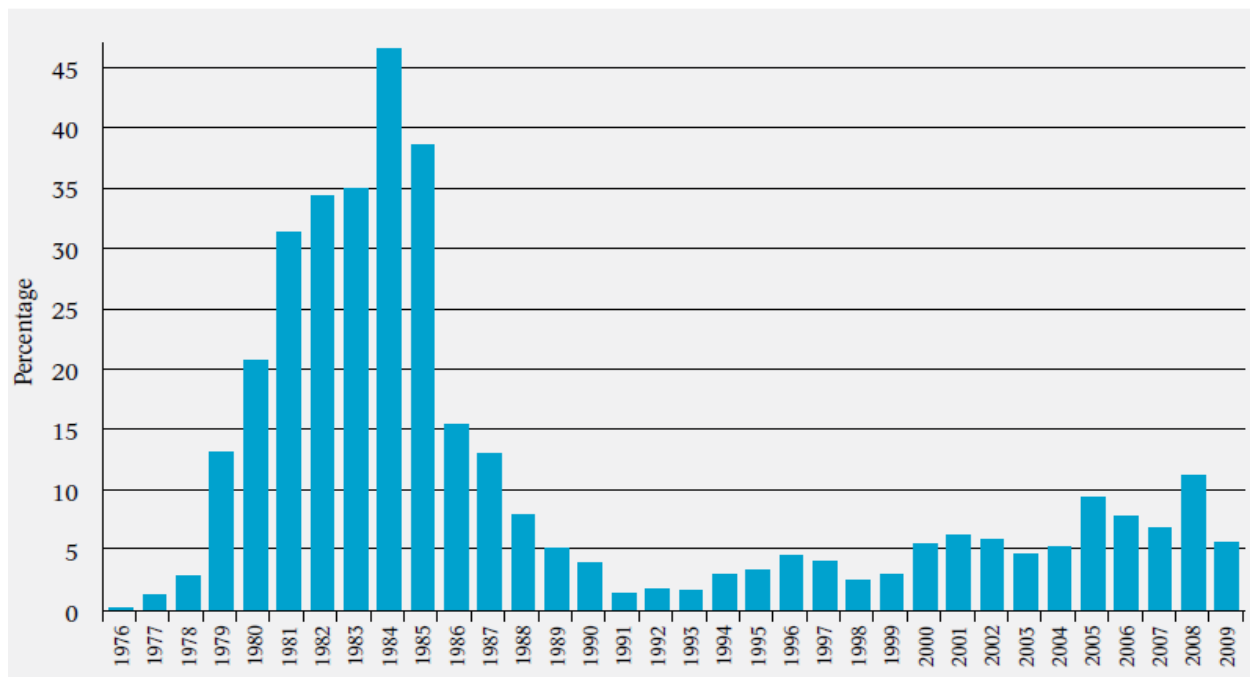


Figure 3: Royalty and tax revenues from Scottish sector of continental shelf, as a percentage of Scotland's non-oil GVA. Reprinted from Cuthbert and Cuthbert, 2011.

needed at present in our campaign to maintain the initiative and undermine the other parties [i.e. SNP and Labour]. This initiative could score against all of them (quoted in Wilson, 1997: 58).

Jim and Margaret Cuthbert, two retired leading official statisticians and nationalist critics of GERS, have made various charges against the system of accounting. Ultimately, these led to reforms in 2007, coinciding with the growing power of the SNP. One key problem was the way GERS presented the "Scottishness" of oil. Although GERS did not avoid oil, it presented the data so as to imply its separateness from the "onshore" economy, to make oil look like a separate entity:

One crucial problem was with the very definition of what constituted Scotland. The primary definition that was used, and the basis of the headline “fiscal deficit” figure, was of a Scotland that excluded revenues coming from the North Sea Continental Shelf, or “extra-regio”. Early GERS reports did not neglect North Sea revenues entirely: but they were dealt with in a single table, illustrating a very wide range of possible variant percentages of North Sea oil allocated to Scotland. The effect of this was to encourage the view that there was uncertainty about what percentage of North Sea revenues Scotland might eventually receive on independence. In fact, this is not an issue for debate. The Geneva Convention, of which the UK is a founding signatory, is clear that the appropriate dividing line is based on the median line (Cuthbert and Cuthbert, 2011: 36; my italics).

The revised GERS, published after 2007, ensured that “Scotland’s offshore oil and gas reserves was brought much more fully into the mainstream of the publication” (Cuthbert and Cuthbert, 2011: 38). The formatting and presentation of statistics served to give greater prominence to the “Scottishness” of oil rents.

All the main institutions of Scottish development, Scottish public finance and Scottish economic statistics that emerged post-1975 thus reflected choices about whether to include or exclude oil from the economy. Perceptions about Scotland’s economy and its relationship to Westminster could clearly shift quite radically based on these perceptions, even where they only amounted to differences of presentation. This debate also concerns time, since oil prices and values fluctuate radically over a period of decades. Figure 3 shows oil revenues in Britain as a proportion of Scotland’s non-oil economy. When the 1980s are included, Scotland looks to have presented Westminster with a huge subsidy. Clearly, that position rests on the convenient starting point of the early 1980s when oil dwarfed other parts of the Scottish economy and even constituted a large part of Britain’s economy. By contrast, nationalists like the Cuthberts could claim that GERS as annually reported in the media presents an inaccurate headline picture, because it presents a snapshot of one year when oil revenues should be looked at over decades. Norway’s long-term managerial approach to its

“oil fund” offers evidence for such views by highlighting the alleged short-termism of treating oil revenues on a year-by-year basis.

5.8 Conclusion

Oil’s actual economic role in national income has varied considerably over four decades. However, while the shift that began with the discovery of Forties field is partly a question of numbers, the quantitative change initiated a qualitative change in Scotland’s relationship with the British economy. This chapter showed how Britain’s particular geopolitical history with the oil industry and deep-seated fears of Third World nationalism shaped Treasury strategies towards the North Sea. That partly accounts for the strong divergence between Britain’s and Norway’s experience of the North Sea boom. Looking at the “McCrone report”, it drew attention to Scottish nationalist claims of a deliberate conspiracy to suppress information about the potential windfall of North Sea oil. While finding that the potential economic value of oil was deliberately downplayed by Westminster officials, the secrecy surrounding the industry reflects the generally secretive and undemocratic nature of oil negotiations. It also drew attention to the ambiguities of using oil for a radical political renewal of Scotland, both for the political left and for nationalists. Since oil fosters top-down power relations, while providing huge resources to the state that controls taxation, its role in emancipatory politics is always ambivalent, even before we consider oil’s environmental cost. The 1970s posed this question of whether oil can ever truly act as an agent of liberation politics. Last, the chapter demonstrated the roots of the contemporary idea of Scottish entitlement to public spending in the oil debate. This involves both a strong development agency and a dedicated share of public spending under Scottish control. Neither institution is explained simply by needs. Instead, their existence reflects the shock of 1970s oil discoveries on the imagination of the Scottish economy.

Today, the debate about whether Scotland subsidised Westminster, or whether Westminster subsidises Scotland, persists as a political issue. The ongoing nature of that debate suggests

the need for a concept of the “economic imaginary”. Ultimately, the calculations tend to rest on how we hypothetically assign offshore oil revenues to the Scottish economy, and specifically how we frame this in spatial and temporal terms. These debates will likely continue if Scotland moves to a second independence referendum or to more fiscal autonomy.

In terms of imagining Scotland’s economy, there are two eras, one before oil and one after. After oil, Scotland’s status as a declining, dependent periphery of Britain can no longer be taken for granted. This marks a clear break with the welfare, needs-based ethic of regional policy. While nationalism did not necessarily follow from the new state of affairs, the discovery of oil removed a major barrier to nationalism, namely Scotland’s dependence on redistribution of income from London. Certainly, before oil, other nationalist strategies could be feasible. Right-wing programmes of radically reducing the public sector, or left-wing socialist strategies of higher taxes and redistribution, would not necessarily depend on oil. But oil allowed nationalists to envisage a future in which no part of Scotland lost out from political change and in which, arguably, Scotland could have greater prosperity without social conflict. Indeed, it becomes possible to speak of a hypothetical overdeveloped Scotland, contributing excessively to the Treasury, which exists virtually as a thought-experiment in national accounting, while the real life of Scotland suffered from continued unemployment, emigration and industrial failure. But most Scottish people rejected the SNP’s claim that oil “belonged” to Scotland, and the SNP underwent a briefly catastrophic decline in fortunes as oil revenues reached their peak. This proves that oil alone does not necessarily empower nationalism. Nonetheless, the current form of the Scottish public sector and the current national debate remain inseparable from the oil question.

Chapter 6: “Europe”, Transnational Economic Space and Scotland after the British Empire

6.1 Introduction

This chapter is about how actors in Scotland have imagined Scotland’s relationship to world market systems. Between 1707 and (at least) 1945 rival Scottish political forces largely framed proposals for economic renewal through Scotland’s position within the closed-yet-open British Empire (see section 4.2.2). Between 1945 and the early 1970s, the so-called Keynesian period, the United Kingdom territorial nation dominated the economic imagination, although trade relationships still clustered in old Commonwealth markets and Scotland meanwhile became much more dependent on American capital. The breakdown of Keynesian national management and British entry to the European Economic Community (EEC) in turn produced a new period that begins in the early 1970s and will end following the 2016 referendum as things stand. Andrew Gamble (2003) describes Britain as positioning itself “between Europe and America” in this period. These new norms in turn affected the idea of an economic project based in Scotland, and here I will address radical changes in the imagination of Scotland in the world economy, particular concerning the idea of “Europe” between the 1970s crisis and devolution.

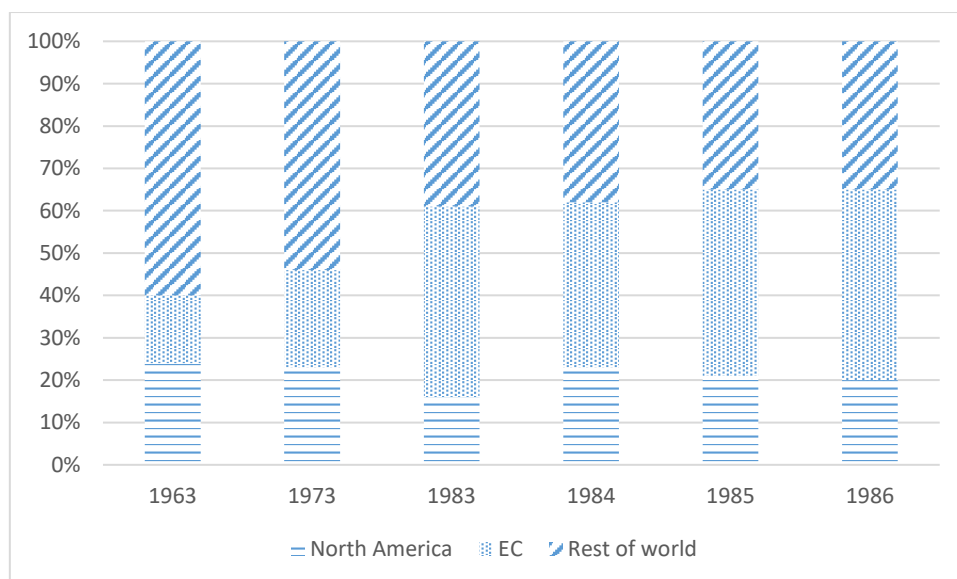


Figure 4: Distribution of Scottish manufactured exports 1963-1986. Source: Standing Commission on the Scottish Economy (1988) Interim Report pp. 14.

The breakdown of old norms of nation state management is often described with the catch-all term “globalisation”. Where I use this term, I do so with caution. When considering globalisation, as with the economy, we should beware of a distinction between “actually-existing” globalisation and the multiple discourses of globalisation (Fairclough, 1999). With that in mind, the word “globalisation” itself barely registers during the period under consideration in this chapter. According to Neil Smith’s (2005: 125) analysis of the *New York Times*, the term only begins to emerge into American business culture in the late 1980s; achieves a small take-off during the early nineties; before it slumps again in the middle of that decade; only to reach its peaks amid the dotcom boom of the Millennium. In Scotland, I cannot find much significant mention of the phrase until the New Labour era. Figure 5, for example, shows an experiment similar to Smith’s using the *Glasgow Herald*. This, of course, fails to capture the *qualitative* shift in globalisation ideology as it migrates from the specialist business pages in the mid-90s to the editorial columns, culture sections and political analysis articles in the late-90s. I am therefore wary about using the term, particularly because it is not simply descriptive but also has a *rhetorical* function in expressing desired “reforms” by reference to an imagined ideal of how competitors succeed in the world economy (Stiglitz,

2002; Colás, 2005; Cameron and Palan, 2004). Globalisation, taken in this sense, can blind us to the conflicts and contradictions that come with producing “competitive regions”.

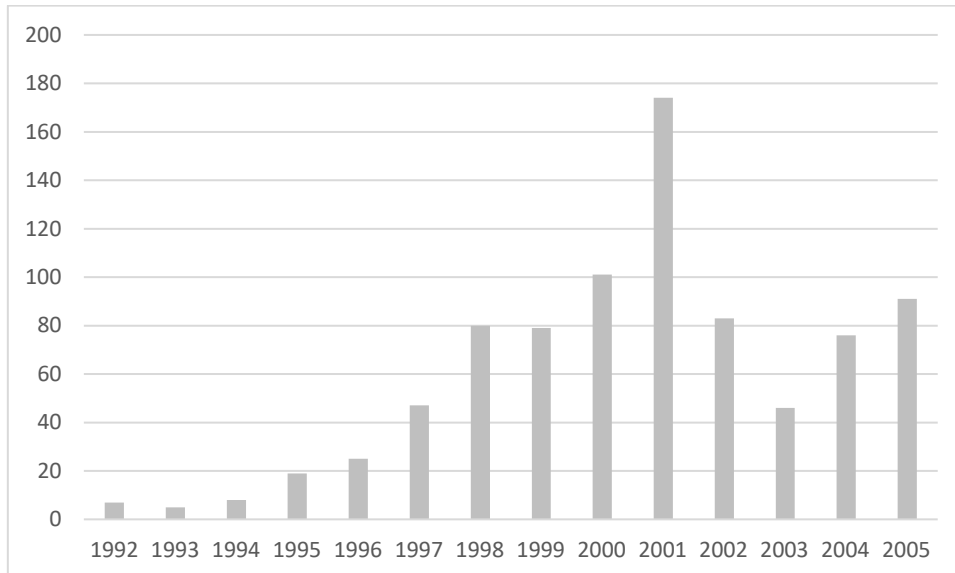


Figure 5: Number of Articles in the Glasgow Herald referencing the word “globalisation” (source: Lexis Nexis)

However, more specific concepts that prefigure this discourse do emerge in Scotland before devolution. These broadly revolve around the politics of the EEC, and the growing idea of competitive regions within it that allegedly had disrupted the traditional European power centres of London, Paris, Frankfurt and Rome (Harvie, 2005). Another main theme was “Silicon Glen”, the successful electronics sector in Central Scotland which formed around the country’s strategy for attracting inward investors. Electronics, however, played a contradictory function. While some portrayed the sector as an engine of modernisation and renaissance, it also became the focus of anxieties about Scotland’s industry being controlled from elsewhere and about dependence on low quality “screwdriver jobs”.

An idea of “Europe” becomes a dominant theme of Scottish political economy during this period, but again, not in a smooth manner. During the 1970s and 1980s, key Scottish voters, spokespeople and politicians expressed active opposition to the EEC and the country was measurably more hostile to the institution than England. Equally, leading Scottish figures

sought to save “the economy” from external control, and ambivalence about inward investment was growing. However, by the 1990s, the situation had versed as the centre-left SNP and Labour broadly embraced a vision of Scottish Renaissance inside “Europe”, while the British centre-right had grown much more hostile to the project.

This chapter will proceed as follows. First, I will question any intrinsic cultural link between Scotland and “Europeanness” as represented by the EEC/EU project. Enthusiasm for this project emerged slowly and fitfully in Scottish politics. Second, I draw on the writings of John Firth to highlight emerging anxieties that Scotland was becoming a “branch plant” economy without a distinct class of top-level owners, and that such trends threatened to destroy Scotland as a distinct entity. Third, I show how efforts to market Scotland to inward investment often faced the challenge of workplace resistance. Fourth, I look at how Scottish Nationalists rebranded the SNP as a pro-EU party under the slogan, “Independence in Europe”. This highlights how the European project became a perceived positive attribute in building support for a project centred on Scotland. Last, I look at why the Conservatives failed to take advantage of the “capitalist success story” of inward investment.

6.2 The Invention of Scotland the European Nation

The idea of “Europe” has become increasingly central to contemporary Scottish politics, particularly after the 2016 referendum. Indeed, this has become something of a national grand narrative. “Scotland is a European nation, an internationalist nation – we intend on remaining European citizens”, argued Green MSP Ross Greer (Scottish Parliament, 2016). Similarly, Nicola Sturgeon claimed that, “Scotland is a European nation and that my government sees our future as one of continued European Union membership” (Sturgeon, 2015). Angus Robertson MP, now SNP deputy leader, concurred: “Scotland is a European nation and the Scottish National party is a pro-European party” (HC Deb 22 February, 2016). Among commentators, Gerry Hassan said, “Scotland is...a European nation which aspires to be part of the mainstream of the continent” (2013). Michael Gray went further, casting

Scotland's enthusiasm for Europe far back into history as an alternative progressive lineage to Scotland's Union history. "Scotland's European history – of Scotland's cosmopolitan enlightenment, of merchants who left for Poland, of intertwining systems of law and political alliances – endures in parallel to its participation in British empire building" (Gray, 2016). Gray quotes from Michael Russell MSP, the Scottish minister for Brexit, to make the same point:

It is not half a century of EU membership that has made us European; it is centuries of engagement. We were European before we were British — sending students to the continent, sharing citizenship with France and appealing our very nationhood to Rome. Wine was being shipped to Loch Fyne — Loch Fìne — in the 15th century. In war and in peace — an cogadh, an sìth — we looked to Europe and it looked to us, in Voltaire's words, for our very idea of civilisation. So, our existential choice is made not just because of this referendum but because of our history. It is inherent in who we are. We cannot be anyone else. We are European. We are citizens of Europe (quoted in Gray, 2016).

This discourse of a "European nation" assumes a hidden consensus of values that has recently come to define Scottishness, and it is worth outlining precisely what this involves. First, it implies a widespread belief, as noted by Perry Anderson, that "the term 'Europe', as currently used, now...refers simply to the EU, as if the two were interchangeable" (2009: xi). To be pro-Europe is to be pro-EU; to be anti-EU is to be anti-Europe. Second, although equating the EU and Europe, the discourse clearly does not intend to invoke everything that "Europe" stands for. The European Union in that sense becomes the natural inheritor of all the progressive parts of European history and of none of the continent's more morally dubious side (colonialism, racism, war). "Europe" is thus opposed to particular national chauvinisms located within Europe, rather than opposed to "Africa", "the Orient", and so on, as it would have been in the past. Third, the discourse assumes an "Other", the opponent of integration, who comes to stand for an insular, ethnic or narrow mind-set: in Britain's case, the English Eurosceptic. In a 2013 speech to the European Policy Centre in Brussels,

Nicola Sturgeon claimed that, “Euro-scepticism has never had the same potency in Scotland as it does in parts of England” (Sturgeon, 2013). Euroscepticism becomes the inverse of Scotland’s liberal political self-image. Although formally a Eurosceptic is anyone who favours withdrawal from the European Union, the term carries considerably more ideological baggage. It signifies a set of values associated with English voters of the political right, including hostility to multiculturalism and immigration, a desire for closed borders and for traditional order. These associations help to define Scotland’s values as a culture of “openness” and by cosmopolitan values that lead inevitably to the European Union, in which Scotland can express its true identity as an “internationalist nation”. Last, the European nation discourse of Europe suggests a centuries-old tradition of Scottish “Europeanness” that exists in parallel with Britishness yet has been suppressed by it. The quality of Europeanness is said to stand for something deeply embedded in Scottish culture.

Each of these premises contains questionable assumptions. Here, I will concentrate on the final premise concerning Scotland’s relationship with Europe in order to highlight the dubiousness of the whole framework.

If Europe does indeed mean the European Union and its predecessors, Scotland’s enthusiasm for it must be seen as comparatively recent. When Prime Minister Edward Heath put European Economic Community entry to the House of Commons, a clear majority of British MPs (112) favoured entry; by contrast, most Scottish MPs rejected it (Torrance, 2013b: 6). The issue reappeared in 1975, and again Scotland’s elected representatives favoured withdrawing from Europe, all eleven SNP nationalists included. Indeed, officially, the SNP was either ambivalent or hostile to Europe until at least the mid-1980s: they campaigned with the slogan “No Voice, No Entry” when the issue was put to referendum. These views arguably reflected strong strands of public opinion. Scots were unambiguously more “Eurosceptic” than the rest of Britain: 41.6 percent of Scots opposed entry, far greater than the RUK figure (32.8%) (Torrance, 2013b: 8). In the 1983 general election, a majority of Scottish seats – 43 out of 72 – went to parties that promised to leave Europe if elected (i.e. Labour and the SNP). In other words, undoubtedly in the late 1970s,

and probably well into the 1980s, Scottish voters and politicians were more hostile to the European project than their English counterparts.

A 1982 pro-European report notes Scotland's "apparent animosity":

Scotland's attitude to the EEC is both ambivalent and (historically) entirely rational. The apparent animosity to the EEC is to some extent an extension of the 275 year old feud with "remote" London Governments. Scotland of all the regions of the UK was the least enthusiastic for the EEC in the 1975 referendum... Since then a majority of Scots have consistently told opinion pollsters that they would like to be out [of the EEC] (Commission of the European Communities, 1982: 2).

Billy Wolfe, a moderate centre-left figure in the SNP, summed up his own views, which clearly spoke to many nationalists of the early 1970s:

I am not happy about the concept of the European Economic Community as it was founded on fear, on authoritarianism and on greed. It has been dressed up in fanfares and terms of internationalism but the words "Brotherhood of Man" have rarely if ever been used in relation to the Common Market (Wolfe, 1973: 165).

Scotland, and Scottish political parties, were therefore for many crucial years more "Eurosceptic" than their English counterparts. By the late 1980s, this had changed markedly: a 1988 *Herald* and BBC poll found 55 percent of Scots thought Scotland would be better independent in Europe than in an unreformed Britain (Mahendran and McIver, 2007: 11). A 1992 survey also claimed to show a Scottish majority for independence in Europe. The crucial feature of these polls is that something unpalatable to public opinion – full independence – became more palatable by the addition of "Europe" for many uncommitted Scottish voters. Europe had developed its catalytic role in helping to breakdown Scotland's

“dependence” on Westminster. Crucially, though, such patterns contradict previous views which saw Scotland as among the most “Eurosceptic” regions of Britain.

This suggests that Scotland’s European identity is not centuries old, or, at least, not in the manner implied by leading Scottish politics. Instead, we are talking about changes that occurred during the last three-to-four decades.

Noticably, this dividing line strongly coincides with Scotland’s experience of record unemployment under Thatcher. During the 1980s, Scotland’s underdevelopment qualified the country for significant amounts of European regional aid, which came to £2,594 million between 1975 and 1988 (Wright, 2005a: 37). Equally, many Scottish actors in local government came to believe that Europe allowed them to “by-pass” Thatcher’s government in Westminster (Wright, 2005a: 67). The cross-party Scottish Constitutional Convention also linked Scotland’s democratic deficit to the new opportunities of Europe. Here, the openness of Europe to small national voices is contrasted to Scotland’s experience under the Conservatives:

This is a democratic deficit which runs contrary to Scotland’s distinct political identity and system. It is affecting relations with the rest of a United Kingdom in which most Scots wish to remain, and hampering Scotland’s ability to make its voice heard in the world, particularly within a fast-developing European Union well attuned to such voices (Scottish Constitutional Convention, 1995: 3).

Two distinct Scottish patterns start to emerge from this point, one concerning official politics, and the second concerning public opinion. In official politics, the pattern has strongly diverged from England, where a strong Conservative party has been shifted towards Euroscepticism by the hard right-wing. Generally speaking, Labour and the SNP embraced “Europe” because support for it seemed to imply economic competency and

ambition for Scotland in global markets. The same is true of every party with a Scottish dimension: the Scottish Conservatives, the Scottish Green Party, the Scottish Liberal Democrats, and the Scottish Socialist Party to take a few examples. Ironically, given current events, the SNP have often been the most sceptical of these forces, excluding the Conservatives. As Mycock and Gifford (2015: 55-9) observe, the SNP had actually been moving in a “soft Eurosceptic” direction for more than a decade before 2014. Michael Russell MSP, who, in the speech quoted above, traced Scotland’s EU lineage back into the dawn of national history, expressed deep scepticism about “Europe” as recently as 2006: “We have as a country, to put it simply, traded away far, far too much of our own sovereignty first to the UK and then to the EU” (MacLeod and Russell, 2006: 13). Having once flirted with the idea of entering the Euro currency area, the SNP had backed away and re-emphasised Scottish national sovereignty over fishing, farming and energy. During the 2014 referendum, Sturgeon made a speech strongly insisting that Scotland would keep the existing terms of Britain’s opt-outs from EU policy: “on issues like the Euro, Schengen and the rebate, our aim would be to retain the prevailing terms of Scotland’s membership” (Sturgeon, 2013). Moreover, Sturgeon’s foreword to the Scottish Government’s document on Europe paints a gloomy picture of the EU’s “extraordinary and sometimes deeply unpopular measures” amid its “current economic malaise” (Scottish Government, 2013c: ii). Nonetheless, no party in Scotland has ever seriously wavered from a pro-EU position, in contrast to England.

However, opinion polls measuring public attitudes present a more mixed picture, and academic research often casts doubt on a fundamental difference between Scotland and England on European questions (Curtice, 2013; Mahendran and McIver, 2007). Since the 1980s, Scotland has usually shown greater levels of enthusiasm for the European Union than England, but not to the extent painted by Scottish nationalist politicians. According to some measures, Scottish voters distrust politicians in Brussels even more than those in Westminster (Mahendran and McIver, 2007: 7). Research by Ormston and Curtice (2012: 10) showed negligible Scottish enthusiasm for more European Union control over key areas of policy. And, as Chapter 9 shows, even into the 2000s Scottish voters were at times *more hostile* to the European Single Currency than English voters. Indeed, a 2015 Scottish Social

Attitudes survey of Scottish voters recorded the level of Euroscepticism in Scotland at 60%, only five percentage points lower than the average across Britain (Montagu, 2016). By contrast, just 7 percent in Scotland wanted to see the EU take on more powers and only 23 percent favoured the status quo (NatCen Social Research, 2016). Moreover, as David McCrone (2016) observes, the measured rate of Scottish Euroscepticism had grown *twelve points* from 48 percent in 2013. These results are a little skewed, since the definition of “Eurosceptic” here includes those who wish to curb Europe’s powers as well as those who wish to withdraw. But the striking feature is the lack of clear difference between Scotland and England, just a year before the watershed of 2016.

One possible explanation for Scotland’s official enthusiasm for Europe is that parties have moved into line with “public opinion”. However, in explaining the discrepancy in 2016, the evidence for a relationship going the other way is much stronger. Nearly 100 percent of elected Scottish politicians and political leaders backed the European Union (or were assumed to have done so), and public opinion research had tended to conclude that the behaviour of political leaders would be a crucial variable in voters’ decisions.

The stances taken by Conservative and Labour politicians could be crucial to the eventual outcome...In deciding which way to vote in a referendum, voters do not simply make up their minds by themselves. They take notice of the arguments being put before them – and not least of who is making those arguments (Curtice, 2015: 3, 12).

This implies that voters’ attitudes to Europe may have less link to national cultural differences and more to do with party political differences and leadership.

Once we begin to appreciate the recentness of Scotland’s European discourse, the various assumptions behind it become even more troublesome. Certainly, any idea of continuity

between Europe before 1945 and afterwards is very dubious. In the earlier period of European modernity, the continent stood for recurrent wars and imperial conflicts. When the term assumed a trans-national significance, it referred simultaneously to Enlightenment values and to the alleged superiority of white “races” over non-European peoples. The two value systems are difficult to disentangle. Only after the War can we speak of “Europe” as fully standing (however dubiously) for peace, cosmopolitan harmony and free trade (and, implicitly, anti-Soviet unity). However, even this “Europe” needs broken down further. Anderson speaks of two phases. In the first, “French” phase of the EEC, free trade acts as the means to political ends, the guarantee of France’s safety from German invasion and the security of Western Europe against the Eastern Bloc. During the second, “German” phase, political integration begins to serve economic ends. “Today’s EU, with its pinched spending (just over 1 per cent of Union GDP), minuscule bureaucracy (around 16,000 officials, excluding translators), absence of independent taxation, and lack of any means of administrative enforcement, could in many ways be regarded as a *ne plus ultra* of the minimal state, beyond the most drastic imaginings of classical liberalism: less even than the dream of a nightwatchman” (Anderson, 2009: 66).

It appears, on the surface, that the European Union increasingly stands radically opposed to the centre-left’s traditions of social protection and representative democracy. Yet Scotland’s centre-left moved towards “Europe” with greatest enthusiasm during the highest years of neoliberal reform and the lowest depths of neoliberal crisis in the European Union. Meanwhile, Thatcher’s Conservatives moved against “Brussels” just as the EU arguably began to epitomise the wildest fantasies of a minimal state. By contrast, during the 1970s, arguably the peak years of “social democratic” Europe, the Scottish Tories showed the greatest enthusiasm for the project. Indeed a characteristic Scottish Tory pamphlet of the 1970s, *Scotland and Europe: Seven Viewpoints*, edited by the proto-Thatcherite Jock Bruce Gardyne (Bruce-Gardyne, 1971), barely considers Euroscepticism in Tory ranks as a “viewpoint” worth mentioning, except to dismiss Enoch Powell.

The cause of Europe does not reflect a clear difference of national culture, nor an “internationalist” inclination unique to a Scottish national tradition. Instead, it reflects a convergence of political interests wishing to associate themselves with the cause of economic modernisation after the collapse of the remains of top-level native capitalism. It equally and somewhat paradoxically reflects a broad concern about Britain’s native form of neoliberalism and its manner of alliances with “chauvinist” ideas coming from the British tabloid press. Scotland’s hostility to being controlled by external economic forces has a long and influential history, and the current enthusiasm for Europe does not necessarily negate this but rather testifies to an absence of alternatives. McCrone rightly characterises the idea of Scotland as a European nation as belonging “in the realm of ‘myth’, in the anthropological sense, truths held to be self-evident, which are stimuli for social and political action, regardless almost of their truth-status” (2016).

6.3 John Firn, External Control and the Disappearance of the Scottish Economy

Scottish attitudes to “globalising” forces have shifted over time, with periods of elite enthusiasm followed by disenchantment. In the 1930s and increasingly after the War, inward investment was used to address Scotland’s “structural” dependence on export-led heavy industry. However, Scotland’s ruling class had begun to voice strong scepticism about this by 1969, with the SCDI suspecting that policies to disperse industry to Scotland had helped to concentrate ownership and management in London and America (SCDI, 1969a). Since this came from within the body most responsible for bringing inward investment to Scotland, it clearly marks a strong shift of opinion.

The first outright dissent to externally-controlled capitalism in Scotland came in the early 1970s, amid the heightened consciousness of Scottish economic issues created by oil. Economist John Firn (1975b) wrote a series of articles for the *Scotsman* on October 30th, 31st and November 1st 1973 arguing that Scotland was suffering from “branch plant syndrome”. Using new data, Firn highlighted the weakness of new firm creation and criticised inward

investment for reinforcing “external control”. These articles became popular reference points and came to epitomise a growing ambivalence about Scotland’s economic direction.

Firn, although admitting positive side effects to the entrance of foreign capital, claimed:

The central point is that it is no longer possible to assume that the majority of the important strategic decisions shaping the future course of the development of the manufacturing sector in Scotland, and especially those made for the important high technology sectors such as electronics and chemicals, are made within Scotland or indeed are made with Scottish interests predominantly in mind. In large areas of the economy decision-making is being steadily superseded by decision-taking, and this is true in both the public and the private sectors. In turn, this means that the power of Scotland to shape or even strongly influence her own economic future has been, is being, and probably will continue to be, strongly eroded. *Indeed, it is becoming difficult to talk of a distinct “Scottish economy” except in a strictly geographical sense* (Firn, 1975a: 165; my italics).

His work exercised notable influence over Scottish economic thinking in coming decades, partly because it was open to flexible political interpretations. For neoliberal critics of post-war planning, Firn offered a supply-side explanation for Scotland’s problems, introducing indigenous entrepreneurship as *the* key explanation for Scotland’s lagging growth rates. This encouraged what would become a standard critique of “top-down” solutions and the folly of looking for “big” answers. For left-wingers, the labour movement, and supporters of Scottish devolution, Firn was the first to highlight Scotland’s drift into external control and vulnerability to crises and foreign capital movements.

Importantly, Firn’s articles appear in the leftist *The Red Paper on Scotland* and in *Scotland 1980*, a collection of articles inclined to a free market analysis. His essays also feature in the

nationalist collection *Scotland, Multinationals and the Third World*, discussed below. In interviews for this research, several interviewees with different ideological backgrounds cited the importance of his work. These disparate voices united around a pessimistic anxiety about the Scottish nation which arose in tandem with the optimism around oil; Firth gave this emotion a voice. In particular, he voiced growing doubt about the supposed answer to Scotland's economic problem – regional policy – by suggesting it had merely reinforced the dependency it aimed to cure. Gavin Kennedy, an SNP economist, claimed that “regional policy has been an instrument for the industrial colonisation of Scotland” (Kennedy, 1976: 52), and this view was not simply confined to nationalists. Gordon Brown quotes approvingly from a *Business Scotland* article claiming foreign ownership was making Scotland “akin to a colony”. “Scotland in calling for jobs at any price for the past ten years has been engaged in turning its economy into one akin to that of a colony, i.e. one with a high level of external control, absentee-decisionmakers [sic] and subsidiary technology” (quoted in Brown, 1975: 13). Brown himself observed that “with American and British multinationals increasingly dominant in Scotland, and with the aims of public policy being to respond rather than lead, the Scottish economy is perhaps more subject to the influence of multinationals than any other similar industrial country” (Brown, 1975: 13). Thus, scepticism ranges across Scottish politics, from the old capitalist class to the mainstream of Scottish Labour to Scottish nationalism.

Fears centred on the disappearance of what Firth called a “distinct ‘Scottish economy’” amid the growth of more centralised political and economic power. These worries accelerated in the 1980s. Leading Scottish thinkers anxious about industrial loss began to conclude that Scotland, having been at the centre of the British Empire, faced a future as a remote corner of the world economy. In a collection titled *Scotland, Multinationals and the Third World*, Stephen Maxwell argues, “Like a Third World country [Scotland] became dependent for much of her economic development and innovation on foreign capital” (Maxwell, 1982: 7). Thus, “Scottish opinion may yet have to acknowledge that the challenge of Scottish development is of Third World dimensions” (Maxwell, 1982: 11). In that same collection, Firth offers

support for this analogy. Reflecting on the role of MNCs (multinational companies) in Scotland, he argues:

Scotland's own experience offers a unique perspective of MNC's, which if properly considered could yield potentially important lessons both for the nations of the South, and for her own economic future. This uniqueness stems from the switch that has taken place during the past three-quarters of a century from Scotland being a nation that contained the headquarters of a relatively large number of economically and technologically influential MNC's that played important roles in the development of many overseas countries, to one whose current and foreseeable economic development is largely dependent upon the fortunes of MNC's that are controlled in other parts of the world, principally in the rest of the UK and the United States (Firn, 1982: 84).

Firn's views highlight widespread concerns that Scottish influence and control over economic forces may disappear forever. This applies more broadly, of course, to all countries dealing with the more mobile capitalism of the 1980s, but Scotland experienced the shift far more abruptly and severely than many similar economies. Christopher Harvie characterised Scotland's 1980s experience as one of "instant post-industrialisation" (Harvie, 1993: 164) as a flurry of factories and plants closed or went bankrupt in a short period of time. In truth, these trends had been measured long before, and would continue in decades after (Baird, Foster et al., 2005). The effect, however, of a cluster of factory closures under Thatcher was to intensify the psychology that industrial decline would become a national collapse.

However, how could Scotland correct the trend for economic decision making to move to London, America and Japan? An STUC General Council motion in 1989 highlights the dilemma. The motion "views with alarm the continuing deepening of the North-South divide in Britain, with overheating, congestion and growing prosperity for some in South-

East England, paralleled by industrial decline, loss of local economic control, growing dependence on a branch plant economy and widespread poverty elsewhere, and particularly in Scotland" (STUC, 1989: 244). However, it calls for "a reinstated vigorous and aggressive regional policy" combined with "policies to ensure the continuing flow of inward investment to sunrise industries". Ironically, these are two factors that Fife lists as causing Scotland's drift into external control. This circle suggests the difficulties in reversing trends towards foreign ownership. For supporters of Scottish-owned industry, the options included the difficult business of reversing the trends of Thatcherism, or the equally difficult task of "modernising" Scotland so that businesses would grow to international strength from the "bottom up".

6.4 Resistance to External Control

In the early period of neoliberalism, Scotland's experience of world markets was largely one of loss and sacrifice. Themes of external control and alienation thus became iconic not only in Scottish politics, but also in Scottish culture: to take just a few examples, *Local Hero* and *Restless Natives* in film, The Proclaimers' "Letters from America" in song, John McGrath's *Border Warfare* in theatre, Alasdair Gray's *Lanark* in literature. But professionals in economic development, faced with economic emergency, still had to paint Scotland as a pliable source of cheap labour to attract inward investors.

Two interrelated patterns of resistance emerged: within the working class and within "civic Scotland". Factory-based struggles from below usually receive far less attention in the sociology of Scotland, partly due to a tendency to focus on the processes leading to devolution. However, in official accounts, strikes and union actions often caused more unease than coalitions of reputable Scottish spokespeople. Until at least the defeat of the Miners' Strike, the organised working class was regarded as a major menace to British capitalism (see chapter 7). Scottish officials had thus long sought to refute allegations of "Red Clydeside"-style labour militancy so as to attract mobile capital into Scotland. In a

monograph for the *Financial Times*, the Scottish Conservative Jock Bruce-Gardyne reflected on these concerns:

The major anxiety most commonly expressed by firms contemplating direct investment in Scotland concerns industrial relations. That there are grounds for such anxiety...[since] the number of days lost through strikes in Scotland does tend to be higher than in the rest of the UK...However...industrial militancy has always been most noticeable in the west [of Scotland]: foreign-owned subsidiaries with several years' experience of operating in eastern Scotland often point to consistently good industrial relations (Bruce-Gardyne, 1975: 54).

Bruce-Gardyne also claimed that Scottish workers, unlike those of rival European nations, were unlikely to display “xenophobia” to American firms, and that, happily, many American companies had successfully resisted union recognition (Bruce-Gardyne, 1975: 52-6). The pro-market nationalist David Simpson likewise rejected the “myth” of Scottish labour militancy: “While this may be true of some parts of West Central Scotland, there is no evidence whatsoever that such attitudes extend generally outside this region” (1977: 40). This geographical labelling of “problem workers” helped to inspire the strategy of investing in New Towns and Greenfield sites, supposedly free from “troublemakers”. Notably, as Bruce-Gardyne observed, American firms had sought to invest in Greenfield sites, often to escape settled working class identities that disrupted plants like Linwood (Gilmour, 2007).

Interview with Martin Togneri: “I think, although I may be wrong, one of the examples we talked about earlier, Timex wasn't a startup from scratch operation in Dundee by the Timex Corporation of Connecticut, it was the acquisition of an existing operation. I think that's historically why it had its industrial relations problems. The company bought those, as opposed to setting up a plant which then developed them.”

Interview with Eddie Frizzel: “[Inward investors] didn't want to go and sit in brownfield sites in Springburn, old brownfield sites where there had been shipyards, by and large. And the SDA had a mandate to clean up these old brownfield sites to make them ready for business, but nevertheless, once you got into the electronics companies coming from California and places like that, Boston, they wanted to come to nice Greenfield sites, and that's where the new towns tended to suck in the inward investment.”

Certainly, this strategy met with some success. A *Guardian* report of 1987 notes that “overall the level of unionisation in US plants setting up in Scotland since 1967 has never been more than a quarter and there has been none at factories established since 1977”. It also observes that “non-unionisation in Scotland [is] an unwritten advertisement for this kind of inward investment” (Meredith, 1987). However, the Thatcher era and its aftermath brought new labour disputes in foreign subsidiaries such as Chrysler (Talbot), Lee Jeans, Singer, Goodyear, Timex, Hoover, and Caterpillar. Most of these occurred far away from traditional sites of “problem militancy”. SDA officials sought to dampen political suggestions that Scotland was a hotbed of resistance to multinationals, and produced data to back their views. In an academic study for Strathclyde Business School, Jim Hamill noted:

Such disputes have created the impression that foreign-owned firms operating in Scotland are a major source of industrial unrest, and this could have potentially damaging effects on the promotion of Scotland as a host for inward investment. Recognising this, the various promotional agencies (e.g. SDA/LIS) have attempted to allay fears that Scotland is a particularly strike-prone nation by emphasising the stability of industrial relations within most foreign multinationals (Hamill, 1985: unpaginated).

Despite these efforts to evade labour militancy, Scotland's branch plants suffered from a higher than average strike rate in the 1980s. "The aggregate data discussed shows that

foreign-owned firms remain considerably more strike-prone than indigenous firms”, noted Hamill’s paper (1985: unpaginated). Although this was largely due to large disputes in twelve plants, these figures disturbed professionals, considering that low wages and pliable workforces were part of the package of “Greenfield” Scotland. To add to the confusion, women, a group often considered unlikely agitators – and thus ideal branch plant employees – led many of the industrial actions. Such “monstrous regiments” confounded the notion that labour militancy was a particular backwardness reserved for Glasgow’s old shipbuilding centres. This revived militancy posed problems in the rebranding of Scotland’s economy as a competitive source of cheap labour. Since this was the principle branding of Scotland for inward investors, this posed longer term problems.

Popular fronts in defence of the Scottish economy were a second source of resistance. These could unite Scottish Tories with the trade unions as well as assorted spokespeople from “civic Scotland” such as church leaders, who often played an unusually prominent role in economic ideas. Chapter 7 will analyse this bloc in depth. But it is worth reflecting that such groupings often arose to combat external takeovers of firms considered strategic to the Scottish economy. Perhaps the most notable case – and, undoubtedly, the most notable victory – was averting HSBC’s takeover of Royal Bank of Scotland in January 1982. This followed intensive lobbying by a cross-party group that, crucially, involved the Tory Scottish Office as well as nationalists, the unions, and Labour politicians. The Monopolies and Mergers Commission (MMC) found against the takeover because

We believe that an important factor in Scotland’s economic difficulties has been the progressive loss of morale which the taking over of large companies has caused; and we accept that this is damaging to Scotland. Entrepreneurial spirit and business leadership depend critically on self-confidence, and on balance we believe that such self-confidence has been weakened (quoted in Ritchie, McCallum et al., 1982: 1).

At this stage, UK institutions considered that “Scottish morale” could be sufficient reason for rejecting a takeover. Indeed, the Commission explicitly dangers cited by Firm: “The development of a ‘branch economy’ creates the danger that it will be the operation in Scotland that is first to be closed or reduced in hard times, while the main business elsewhere is maintained” (Monopoly and Mergers Commission, 1982b: 84). They also concluded that “distant management” should not be allowed to take decisions on the grounds of “cold reason” alone (Monopoly and Mergers Commission, 1982b: 84).

However, the strategy of broad-based institutional coalitions had already reached firm limits by the mid-80s, as a flood of takeovers and mergers started to emerge in Britain’s economy, ironically spurred in part by North Sea oil revenues. A notable turning point was Chartered Consolidated’s takeover of Anderson Strathclyde (Keating, 1996: 204). As with earlier examples, a cross-Scottish coalition argued that this would harm Scotland’s economy; and the Monopoly and Mergers Commission agreed the move could be damaging (Monopoly and Mergers Commission, 1982a). However, the Conservative government rejected that conclusion and allowed the takeover to go ahead and sought to limit any referrals to MMC based on anything but competitive grounds (STUC, 1989: 61). As Keating notes, “Scotland’s interest groups have shown some ability to come together in defence of identifiable Scottish interests but the resulting Scottish lobby is fissiparous and fragile” (1996: 200). Faced with a seemingly endless succession of mergers and losses of Scottish firms, the Scotland lobby was losing the battle to define a Scottish economic interest.

Scotland’s anxieties about “globalisation” crossed class boundaries. Assemblies and conferences like the Standing Commission on the Scottish Economy were called, aiming to combat the seemingly inexorable loss of control over Scotland’s industries (Standing Commission on the Scottish Economy, 1989). The parallel with the hopes raised by the devolution and oil couplet in the 1970s and the actual experience of an oil economy in the 1980s helped sharpen the mood of emergency. However, faced with an enveloping crisis of unemployment, Scotland’s main answer remained inward investment under increasingly competitive conditions. As internal sources of resistance weakened and then buckled, a

discourse of pragmatic modernisation started to prevail. The most anti-European sections of Scottish politics began to embrace the European Union as an alternative imaginary to Scotland under a Westminster dominated by Margaret Thatcher (Graham and McGrath, 1991).

6.5 Independence in Europe

In assessing the newfound prestige attached to Europe and world markets in Scotland, a useful starting point is the turnaround in Scottish nationalism. The slogan of “independence in Europe” became, in Alex Salmond’s words, the SNP’s “big idea” for the 1990s. It would give the nationalists, again in Salmond’s terms, “the intellectual initiative in arguing for independent status within the Community to replace colonial status within the UK” (quoted in Torrance, 2009: 153). Similarly, Macartney argued in the *Scottish Government Yearbook* that the slogan was “one of the most successful in post-war political history” (Macartney, 1990: 35). For its partisans, this policy would rebrand independence as an actively globalising and optimistic force, as opposed to an insular retreat from social change. This shift, we should note, was not a natural, inevitable or even an inherently logical one. Scotland had suffered from the tendency of monopoly capitalist firms to incorporate, merge and centre themselves on larger territorial centres, particularly London. Seeking to cure this trend by embracing broader market territories thus seems, at first sight, paradoxical, and many intelligent nationalists made precisely this point.

Yet, intellectually, the policy had roots in a dilemma traditionally faced by Scottish nationalism. Despite the discovery of North Sea oil, there remained a strong argument against independence: most of Scotland’s trade was with England. Why erect borders with your biggest economic partner? The existence of this problem seemed to suggest that the original reason for the Act of Union – access to markets – still applied. However, pro-market sympathisers with nationalism had long held that, in an era of transnational trade, the original purpose of the Union might be growing redundant. Therefore, locating Scotland

within a broader trading bloc had been seen as an effective substitute for the Union; as economist Donald MacKay observed,

The Union of 1707 guaranteed access to English markets and to the Empire. Yet, the Empire is no more and, while Scotland is heavily trade dependent on English markets...*it is not at all obvious that a trading relationship requires an incorporating political union.* On the contrary, it would appear that the trading advantages should be secured through membership of the European Economic Community, or even through associate membership...Access to wider markets was, as far as Scotland was concerned, the purpose of the Union and must remain its major economic justification today. If the Union is irrelevant in this respect, if access can be obtained through alternative political arrangements, e.g. the EEC, then it serves no major economic role (MacKay, 1977: 3-4; my italics).

As MacKay implies, the growth of Europe-wide free trade questions the purpose of the geographically narrower free trade zone of the British nation state. Indeed, if a Scottish state stayed in Europe, it would enjoy all the benefits of open trade with England plus added lobbying power. The strongest argument for staying in the United Kingdom would then be the welfare benefits gained by the British Labour movement. However, Thatcher's project rhetorically set about removing or curtailing these "social rights" from any permanent position in the British state. North Sea oil had already made the main traditional economic argument against independence – i.e. Scotland's public funds would suffer – much less clear cut. The possibility of Scottish entrance into a European trading zone could destroy the second core argument, that Scotland would lose access to its main markets. This could also be achieved, MacKay suggests, with limited need for harsh structural change. Seemingly this would make the mainstreaming of Scottish independence, as a force for middle class consensus, complete.

The popularising of “independence in Europe” was led by Jim Sillars, earlier a Eurosceptic in the Labour tradition. Nationalists, he argued, had suffered from an unwillingness to face the reality of Scotland’s structural links with the English economy:

Without doubt, the biggest influence on Scotland and her people has been the 270-year-old customs union with England which, together with the post-war centralisation of economic policy, has merged a great deal of Scottish economic activity with that of England. England takes about 80 per cent of our manufactured goods. Many of Scottish industry’s marketing policies are obviously geared to English consumption. Scottish financial institutions have developed English markets...All underline the British connection that has developed as Scotland’s branch factory economy has emerged over the past thirty years. We can deplore it, but we cannot ignore it. Certainly the people will not ignore it, they are in contact with the reality daily, as the lorries and trains with materials and finished goods pass up and down across the border and as the Scottish insurance companies gather in their harvest of English premium. *For us, then, the essence of the independence issue lies in the customs union with England* (Sillars, 1986: 183-4; my italics).

Although scrapping the customs union would burnish nationalist pride, Sillars suggests, such emotional policies would alienate nationalists from Scottish opinion. Hence, the need to find an alternative means of enforcing this union. This, he claims, forms the essence of the case for Scottish independence in Europe:

If the SNP is to ensure that the next major constitutional debate about independence places them on the offensive and not defensively grappling with the jibe of separatism, the party will have to grasp the nettle. A continuing form of customs union with England is unavoidable. Acceptance of that reality will most definitely place constraints upon our independence. But the assertion of the customs union and

our ability to place it cogently in the context of the wider European Community *is the key to gaining independence* (Sillars, 1986: 184-5; my italics).

Independence in Europe thus became an unavoidable policy drift for two interconnected reasons. First, it resolved the underlying problem of a customs union by broadening rather than narrowing the union; by rebranding Scotland within a more encompassing economic space. Second, it reflected a pro-EEC drift in Scottish attitudes: both because of hostility to Westminster policies, and because of positive attempts to highlight European investment in Scotland. Thus “pro-European” attitudes became synonymous with optimism about Scotland, among both nationalists and devolutionists. Polling evidence showed public opinion moving this way too, with a high proportion of Scots favouring independence in Europe to the status quo. By contrast, only small numbers wanted independence from both the UK and the EEC.

However, a broader issue was at stake: a new way of imagining economic development. Critics like John Firth had pointed to the potential disappearance of a distinct Scottish economy. By the late 1980s, when the SNP adopted their move to independence in Europe, the trends leading towards this conclusion had probably already become unstoppable. Scotland’s top industries had been lost or faced mergers or takeovers and the forces resisting these trends endured increasingly hostile conditions. In this sense, there was little of the “Scottish economy” as traditionally imagined left to defend. However, a new discourse of the economy emerged, based on competitive modernisation, where Europe’s more peripheral regions could score competitive success in open markets (Jones, 2001). European policy started to consider the idea of transferring power away from traditional imperial centres, London, Paris, Rome and Frankfurt. Previously, European regional policy had sought to compensate the remote areas who would suffer the most from the centralising trends of a Single Market. Now a new variant emerged, based on what had become the cutting edge of policy adaptation, a mixture of low corporate taxes and flexibility, which allowed smaller and more remote regions to “catch up” with bulkier competitors. For the SNP, drawing on the Irish case, this would involve attracting new businesses to replace

Scotland's declining ones. The new discourse also stressed entrepreneurialism at all levels of government, and the government's responsibility to promote competitive, enterprising attitudes throughout the population. This is explored in Chapter 9.

"Europe" thus served a crucial extra function, aside from accessing markets in a post-UK context. Portraying the SNP as pro-EEC served to present the party as fully adapted to the modern world economy, and to present Scotland as potentially a player among the new elites. This contemporary aura mattered to parties like Labour and the SNP, who had seemingly suffered by association with the project of saving Scottish industry. As Isobel Lindsay observed, critically, "the prospect of the independent membership of an increasingly powerful EC is seen as being part of [the] process of modernisation, of being associated with the important and powerful, of having seats at top tables" (Lindsay, 1991: 87). The idea of participating in Europe gave the impression of Scotland as a power equivalent to others.

Left-wing reasons for supporting Europe continued. However, difficulties had begun to emerge just as this view started to become the dominant opinion inside Scottish politics. When Tom Nairn had argued for Scotland in Europe in the 1970s, he did not picture Scotland as an ally of the powerful states or even of the Nordic "mixed economies". Indeed, he strongly rejected Scottish nationalism's conservative tendency to look towards these "rich" countries. He instead saw Scotland allied with a movement of resistance from the Southern peripheries of Europe, areas with strong native Communist traditions, and with the Third World (Nairn, 2003: 170-1). However, when the SNP turned to Europe, the idea of redistribution across the Community on social lines had receded, as had the Eurocommunist project. In the new orthodoxy, the poorer regions had to enter the competitive struggle for growth if they wanted to redistribute wealth in their own direction.

6.6 Silicon Glen and Tory Scotland

The Scottish economic imaginary swung between pessimism about a disappearing Scottish economy and optimism about positioning Scotland as a player in the emerging world economy. In practical terms, the 1980s Scottish economy was undergoing a twin crisis hitting the working class (through unemployment) and traditional capitalism (through mergers, takeovers, and closures). “Good news” in the business and popular press focused upon the successes of inward investment, which, paradoxically, many analysts continued to blame for Scotland’s problems. However, lacking alternatives to unemployment, Scotland instead redoubled its branding strategy in the 1980s. Earlier we remarked on resistance to external control and the power of inward investors. But an equally notable feature of the Scottish debate was that, given the urgency of unemployment, inward investment became a lifeline to communities, and political institutions competed to claim credit for it. This meant that the most pressing goal for development professionals in the 1980s was packaging Scotland for overseas investors, a job professionalised under the banner of “Locate in Scotland” (LIS). Where these efforts led to job creation, their results had to be packaged for public consumption to present an image of Scottish progress. Political struggles over Scottish development in the 1980s often centred on these jobs.

LIS, an alliance between SDA and the Scottish Office, achieved notable successes during the Thatcher years. Between 1981 and 1987 it attracted £1.8 billion to Scotland and created and safeguarded 400,000 jobs (Stewart, 2009: 61). Although unemployment in Scotland rose significantly as native industries collapsed and some post-War inward investors left, new employment in electronics did replace some of this. This sector, dubbed “Silicon Glen”, increased sixfold between 1975 and 1990, and came to account for four-in-ten of Scotland’s manufacturing exports (The Scotsman, 2007). In 1984 Scotland, amid record unemployment, could claim to produce the most silicon chips per head of population anywhere in the world (The Guardian, 1984). During the peak years of Silicon Glen, Scotland assembled about 30 percent of Europe’s PCs, 80 percent of Europe’s workstations, and 65 percent of Europe’s ATMs (Aziz, Richardson et al., 2011: 162). Inward investors were by far the biggest component of this lifeline to the Scottish economy. As Kerevan notes, by the 1990s “Silicon Glen made Scotland one of the world’s top exporters per head – better than Japan” (2003: 7).

And while job losses were clustered in allegedly backward or declining industries, Silicon Glen then held a monopoly over the imagination of the future. Its glossy image contrasted with the commonly expressed vision of flat-lining Scottish industries finally succumbing to market forces.

For Tories, Silicon Glen lent credence to their narrative of creative destruction, where painful temporary adjustments were necessary to ensure a viable future. This view was expressed by Kenneth Baker, then Conservative Minister of Information Technology, later Party Chairman:

More people in Scotland are now employed in the electronics industry than in heavy engineering, steel and coalmining. *Scotland has somehow got its act together...*We want that magic spread more widely throughout the country (quoted in Hargrave, 1985: 11; my italics).

Sometimes, left-wingers criticised Silicon Glen for exacerbating old issues in the Scottish economy. This view was common, particularly among trade unions:

Mr H Wyper, STUC General Council chairperson: "I think none of us should be mesmerised by the 'Silicon Glen' image. If Scotland's future is to be based on that we simply become dependent on decisions by foreign, multi-national companies, mainly companies in the United States of America" (STUC, 1986: unpaginated).

However, the Silicon Glen story actually exposed deeper questions about the Conservative narrative for Scotland's future. In their official story, it showed that the marketplace would provide new jobs in more dynamic industries once the government stopped propping up declining regional economies. But as the *Guardian* noted,

[T]he implication that these New Tech industries will be attracted by a truly free labour market, where private enterprise can let rip unimpeded by petty restrictions, flies in the face of all experience...More importantly, the arrival of the big semiconductor companies in Scotland's "silicon glen" can be attributed to the considerable clout of the SDA and the Scottish Office. The co-ordination can only be successful with (more) public money. In reality, an emerging High Tech sector can only be successful with substantial public investment (Hetherington, 1985).

The success of Silicon Glen, therefore, could suggest an alternative and from a Thatcherite view more troubling explanation. To sceptics from Northern England, it implied that Scotland was succeeding thanks to its unfair advantage in having a dedicated, autonomous public development agency spending large sums of public money. This could, of course, reinforce accusations of Scotland gaining unjust preferences due to its capacity for political mobilisation. But equally, it presented reasons for doubting the central Thatcherite narrative of creative destruction, that market forces would automatically replace old industries with aspirational, high technology jobs given time. Thus, where the Scottish economy succeeded in "modernising", this reflected the exceptional nature of its ability to resist full-on Thatcherite neoliberalism. Depressed regions of North England, lacking the same levers won for Scotland in earlier decades, would not necessarily experience similar booms without large additions of public money.

Internally, the Conservatives often disagreed about the utility of public sector intervention. A pamphlet by the Tory Reform Group titled *The SDA: An Example to the Nation?* sought to refute claims that Scotland's development professionals were a "socialist" threat to free enterprise. It praised "the successes of the Agency and the vitality it has helped rekindle in the Scottish economy", and added:

In short, the Agency provides the “leg-up” the enterprise culture sometimes needs if it is to flourish. So, *far from being the tool of socialism it is what Ian Lang, as Industry Minister at the Scottish Office, has called an “engine for free enterprise”* (1987 Manifesto launch in Scotland, 19th May) (Forbes and Munro, 1988: 2; my italics).

However, the Conservative government continued to look on the SDA with suspicion, reflected in a series of reports that sought to reduce the SDA’s freedoms and limit its scope for addressing “market failure” (Danson, Lloyd et al., 1989; Scottish Office, 1986b; Scottish Office, 1986a). Was the inward investment priority a sign of socialist intervention, or an attempt to rekindle an enterprise culture? Interviews with leading participants suggest there was, in fact, little “strategic” thinking of any type involved. Instead, they were addressing the immediate shortages created by Scotland’s record unemployment figures, under politicised media pressure to provide “good news” about the Scottish economy:

Interview with Eddie Frizzel: “We were aware of the problems, because the press were constantly battering us, because the good news announcements that Conservative ever had on the economy front, because remember, you still had the closures, the shipyards were still in dire straits, you had steel mills closing, Ravenscraig...All these things. So the only good news was inward investment good news. So there was a huge pressure on people like me and Martin [Togneri] getting announcements that ministers could make, getting ministers to come with you on a visit to companies then the big announcement is made. They're still doing it as you can see.”

Interview with Robert Crawford: “So, yeah, we're not daft. We knew very well that many of these jobs were likely to be mobile [i.e. that jobs would not stay in Scotland long-term]. I think the one that surprised us was the speed to which semi-conductors was mobile. But we knew perfectly well, but that's not what we were paid to do.”

Interview with Martin Togneri: “There was a certain short-termism, which I mentioned earlier, which says, Holy Shit, two plants have closed here, how can we

help Bathgate avoid having a huge unemployment problem for the next decade? So to a certain degree there was that. And you still see it today. You see it in things like, Holy Shit, Grangemouth is going to close, what foreign investors can we attract? So you still do see that kind of short-termism from time to time when a crisis arises."

There was also an alleged hostility towards inward investment and a growing anxiety about the "branch plant economy" from sections of the press.

Interview with Eddie Frizzel: "The press, who hated the Tories in Scotland as the press does, would batter you and tell you that it's crap inward investment, these are screwdriver jobs. I remember an interview with [*Herald* journalist] Alf Young in which he basically told me, What's the point of doing this job, because these jobs weren't worth anything? Which used to really annoy me, because they're worth something to the people who're doing them."

Moreover, the actual successes of Silicon Glen were rarely attributed to Conservative policy. Instead, professional arms of government like SDA took credit, which produced continued conflict with the Tories:

Interview with Eddie Frizzel: "Throughout the eighties there was a very uneasy relationship with the Conservative government [and SDA]. That unease was largely because the inward investment successes of Locate in Scotland tended to be reported in the press as the SDA. As one secretary of state remarked to me, 'We never get any credit for anything in the government, it's always the SDA'. There were even ridiculous things like road signs and roadworks, that said, 'The Scottish Development Department: Improving Your Roads'. People thought that was the SDA. And that really annoyed Conservative ministers throughout the eighties. So there was a feeling that the SDA were constantly getting the credit."

The result was that even capitalist success stories did not benefit a Tory narrative about Scotland. Thatcher and the Scottish Office persistently complained that SDA was grabbing all the credit for inward investment, while the Tories took the ideological hit for job losses. Their share of the Scottish vote fell from 31.4 percent in 1979 to 24 percent in 1987, and more or less continued to decline afterwards. Unemployment reinforced the disarticulation between Scotland's Tory bloc and the interests of "the Scottish economy" as an entity. Tory Scotland had its social base in a distinct set of capitalist interests who were also the ideological and political leaders of the Scottish economy. The decline of this, and Scotland's reliance on inward investment, left Scotland with no distinct party political base of pro-business opinion. Instead, Scotland's centre-left reformers handled the transition to neoliberal "globalisation".

However, one problem cut across all Scottish agencies: Ireland. The Republic received special dispensation from the European Commission to charge corporations an abnormally low rate of tax, beginning in the 1950s and reinforced in the 1970s (O'Hearn, 2003: 37). Until 2002, corporation tax in manufacturing and some services fell to just 10 percent. This was already the lowest in Europe, yet Allen suggests that, after adding in perks to firms, the effective rate was actually far lower, and many companies in Ireland paid almost nothing (Allen, 2000: 24-5). Combined with a rising labour pool coming from population growth and Ireland's late urbanisation, this laid the foundations for the so-called "Celtic Tiger" economy of the 1990s (Kirby, 2002). In the late 1980s, Ireland's integration into world markets actually led to intense economic problems, with official unemployment at 20 percent (O'Hearn, 2003: 35), far higher than Scotland under the darkest days of Thatcherism. However, this left Ireland even better placed to take advantage of the 1990s IT boom. Thus despite Thatcher's pro-business programme and many tax cuts on personal income and wealth, Ireland's tax rates for inward investors were considerably lower than Scotland's. This problem prefigured a broader, approaching crisis for Scotland. With European Union expansion to incorporate Eastern Europe, combined with the opening of Chinese and Indian markets, Scotland's

wages would not be low enough long-term to compete in Silicon Glen-style low-grade assembly work.

6.7 Conclusion

Scotland's enthusiasm for "global" forces has varied considerably over time, and varies considerably within society. Often, by conventional measures, Scotland has been more hostile to such forces than England, with higher rates of strikes and higher rates of public opposition to the European Union. Moreover, I would go a step further, and argue that Scotland's current elite enthusiasm for "globalising" projects grew out of a profound ambivalence about the disappearance of Scottish economic control. This initially inspired movements of "national" resistance, both from below and from above. However, the forces behind these weakened when takeovers, mergers and bankruptcies reached a point of no return. Then, Scottish politicians who gained fame by defending the Scottish economy from external control began to rebrand their appeal by positioning Scotland as an autonomous actor in the new world economy. "Europe" became a magical substance that added modernising appeal to rival political agendas and cast the earlier period of resistance as one of doomed romanticism. Without noticeable political conflict, the coalition to defend the Scottish economy turned into the new consensus behind competitive adaptation to the world market regime.

Chapter 7: Class Struggle, Class Compromise, and Scotland's Economic "Voice"

7.1 Introduction

This chapter is about working class struggle, class compromise in the (perceived) national interest, and finally the retreat of class as traditionally imagined in Scotland. As a preliminary, I must observe that the academic concept of "class" is disputed. Many debates date back to the flourishing of class analysis in the 1970s, where the conflict between (neo)-Marxists and (neo)-Weberians came to dominate the discipline of sociology (Poulantzas, 1975; Breen, 2005; Carchedi, 1975; Goldthorpe and Lockwood, 1963). Simply taking a position on these issues can pose more problems than it answers. For example, by stating that I prefer a structural Marxist approach to the gradational life chances approach of Weberians, I open up new problems, because debates within Marxism on what constitutes the middle class were equally contested as debates between Marxists and Weberians. As the leading neo-Marxist Erik Olin Wright observes,

among writers who identify with Marxism there is no consensus on any of the core concepts of class analysis. What defines the tradition is more a loose commitment to the importance of class analysis for understanding the conditions for challenging capitalist oppressions and the language within which debates are waged – what Alvin Gouldner aptly called a "speech community" – than a precise set of definitions and propositions (Wright, 2005b: 5).

Nevertheless, although the critical and pragmatic approach is what truly unites all Marxist class analysis, to avoid confusion, I will state in advance that my own position on the

“objectivity” of class draws on Wright’s approach (for the objective difference compared to a neo-Weberian, see e.g. Li and Singelmann, 1999). I assume that our current society is a capitalist class society, formally similar to when Marx wrote *Capital*, where exploitation and property relations form a structural link between workers and business owners. The middle class of managers and some “professionals” are defined by their contradictory class location, since they are employees but they have workplace autonomy or significant control over the work lives of others (Wright and Singelmann, 1982; Wright and Perrone, 1977; Wright, 1997).

However, these definitional subtleties are not central to my purposes here. I am interested in how “labour” and its possible resistance had a structural role in the 1970s economic imaginary, and the impact when this factor is removed. Both Marxist and Weberians in the 1970s – especially in Britain – found themselves surrounded by everyday workplace conflict which they took for granted (Mann, 1973; Giddens, 1975; Goldthorpe, 1971). Debate centred on whether this reflected “instrumental” aims or the potential platform for political revolution against bourgeois democracy. Britain’s strike movement culminated in violent political and workplace conflicts, peaking in the early 1970s after the Industrial Relations Act, again during the “Winter of Discontent”, and finally during the Miners’ Strike (see figure 6). Thatcher’s confrontational tactics, which included draconian anti-union laws and violent police mobilisations against pickets, helped to drastically curtail this form of workplace conflict, as figure 6 indicates. Having been seen as the most serious economic “problem” in Britain, “industrial relations” thus gradually receded from economic analysis (Kaufman, 2008). This fact remains regardless of whether we choose a Marxist or a Weberian definition of class.⁵ The question of strikes is a doubly interesting measurement of change, first because it has been so comprehensively changed in Britain’s economic imagination, and because the movement is unquestionably “working class”. While social democracy can

⁵ The distance separating the 1970s debates from the current debates is often more notable than the substantive points of debate within the 1970s. Thus, the respectable Weberian theorists David Lockwood and John Goldthorpe have found themselves dismissed as “marxisante” revolutionaries simply for continuing to study class in their traditional manner. See Nichols, T. (1996): “Social Class: Official, Sociological and Marxist” in R. Levitas and W. Guy (ed.): **Interpreting Official Statistics** (London, Routledge) pp. 64-86

mean an organised working class led into parliament by middle class leaders, and revolutionary politics has likewise tended to promote middle class intellectuals, the strike movement's agency cannot be so easily explained away.

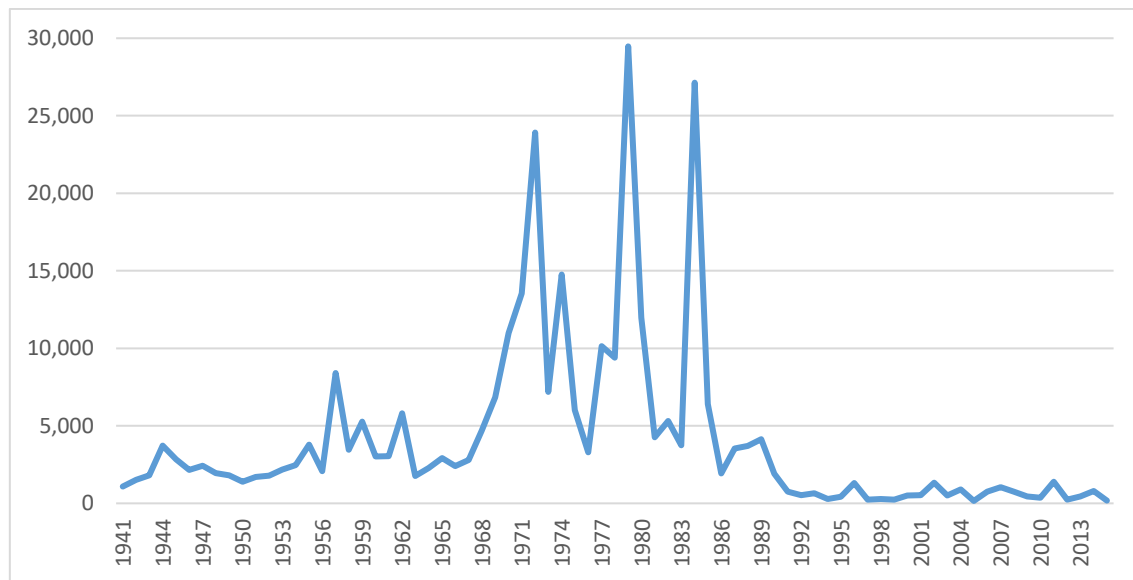


Figure 6: Total number of working days lost in Britain per year (thousands). Source: ONS.

So my starting point here is simple. In the 1960s and 1970s, workplace struggle assumed a central role in economic analysis and the highest level political debates. The aim of controlling workers was central to British politics in this era (Hay, 1996), but uncontrollable workers also inspired panic in many European countries and in America, as the events of 1968 highlight (Katsiaficas, 1987: 56-135; Cohen, 2008). Perceived shop floor unruliness and class struggle, escaping the traditional boundaries of social democracy, dominated the imagination of Western nations immediately prior to the neoliberal successes of Reagan and Thatcher. On the one hand, even moderate leftists often pinned their projects on democratising workplaces and looked to striking workers as the main agents of social change. On the other hand, elite narratives framed collective factory power as the main cause of economic failings across the whole economy.

This moral panic was bipartisan; it was capable of deciding elections, and of deciding the fortunes of elected governments. Thatcher's coercive resolution of Britain's workplace "sickness" set the ground for British politics and economics in the 1990s. By that point, the traditions, values and stereotypes surrounding the "working class" had transformed completely. Blame for Britain's economic problems gradually shifted from the collectively organised workplace to the atomised working class community of "welfare dependency", which became a specialist subject beyond the domain of economics. The imagination of working class life was progressively decoupled from the workplace. The New Labour project heralded a new politics that supposedly moved beyond class division, and instead focused on persuading "socially excluded" groups to reform themselves through flexible adaptation to the private market (e.g. Fairclough, 2000: 51-65).

However, imaginatively, Scotland's relationship to class politics has followed a distinct trajectory. The main party that traditionally represented a distinct Scottish capitalism, the Unionists/Conservatives, has declined to become one of Europe's weakest mainstream centre-right forces. The Scottish capitalist class weakened in parallel. Meanwhile, the militant Scottish working class often plays a heroic function in national narratives. Indeed, starting in the 1970s, the industrial worker comes to stand imaginatively for the defence of the Scottish economic interest, a part previously played by capitalist owners before their sudden decline in national influence. The Upper Clyde work-in of 1971 epitomises this transition. UCS continued to play a key role in defining the culture of Scottish devolution. Moreover, to some extent, we can trace the cross-class alliances of the 1980s to defend the Scottish economy to the shop stewards of the 1970s. Paradoxically, they come to represent the last days of a united British labour movement organised around the state, and the beginning of a new national trajectory for Scotland.

This chapter starts with the UCS work-in, because this simultaneously represents the high-point of Scotland's role in an insurgent working class movement, and the beginning of the displacement of class for a national "Scottish lobby". I then consider the idea of a "social democratic" consensus in Scotland and the changing role Scottish nationalists assign to class

in their project. The next section briefly considers an undoubtedly crucial feature of Scotland's imaginative landscape: the weakness of the centre-right, and the seemingly related decline of a distinctively Scottish class of top-level owners. Last, I analyse how socialist politics in Scotland adjusted to industrial decline by shifting from the workplace onto "the community".

7.2 Upper Clyde: Class and The Scottish Economic Emergency

The return of strike actions on a scale not seen in Britain since the General Strike was imaginatively central to the national political and economic crisis of the 1970s. The Upper Clyde shipyard work-in of 1971 presented the most crucial Scottish dimension to this. It forms an important part of Britain's journey to Thatcherism: Chik Collins, for one, sees UCS as a critical moment since it forced the Tories to temporarily reverse their turn to "free markets" and thus helped inspire the coercive nature of Thatcher's revenge against the unions (Collins, 2000: 2029). The action involved two dynamics, one British and defined by an insurgent working class movement, one Scottish and defined by cross-class alliances in defence of the regional interest. UCS involves a complex blurring between the two. Previously, the Scottish ruling class had played the crucial role in voicing the regional interest; in UCS, the working class took on the role of voicing Scotland's economic interest. However, this new national respectability posed problems too, potentially leading to a politics of accommodation and integration under the banner of Scottish separateness. These strategies, I will argue, have been responsible for successes and for failures in recent Scottish history.

UCS had origins in a government strategy of merging Clydeside's traditionally small-to-medium sized yards under one integrated company to better take advantage of global markets. This emerged in the Geddes Report of 1966 and the Shipbuilding Industry Act of 1967. The venture combined profitable with unprofitable yards, and also combined a variety of social forces into one firm, including unions, government, old shipyard bosses and

managers from outside the industry. UCS, like many British industries, relied on government support and the government was its biggest shareholder. It generally made losses during its short time of operation, but its order book for 1972 was full and a profit was anticipated until the government rejected appeals for a £6 million working capital loan (Imrie, 1971: 1). UCS fell victim to Edward Heath's promise to end funding for "lame duck industries" that depended on government support. However, the decision had knock-on repercussions throughout West of Scotland, since other industrial jobs – particular in steel – heavily depended on shipbuilding. Willie Ross MP called it "one of the blackest days in the history of Scottish industry" (The Herald, 1971: 7). Tony Benn, then opposition trade spokesman, called it

A wholly characteristic and massive betrayal of 7,000 people – of 7,000 men directly involved and 20,000 others whose employment depends on UCS. With a total disregard [then Trade Secretary John Davies MP] is using unemployment in pursuit of his own economic policy in an area where there is already 10 percent male unemployment, constituting a major tragedy for Scotland (The Herald, 1971: 7).

What set UCS apart from other such disputes was the tactics used to fight the dispute. The "work-in" was a novel form of industrial battle, in which shipyard workers continued to occupy their place of work and to maintain output to stress the plant's long-term future. Rather than forcefully seeking to extract concessions, the UCS tactic aimed to mobilise national sympathy and to constitute these workers as stand-ins for a broader crisis, stressing the "right to work". An orientation on broad political opinion became central to the strategy. Jimmy Reid, the action's charismatic leader, saw the work-in as giving a new respectability to working class agency:

This is the first campaign of its kind in trade unionism. We are not going to strike. We are not even having a sit-in strike. We are taking over the yards because we refuse to accept that faceless men can make these decisions. We are not strikers. We

are responsible people and we will conduct ourselves with dignity and discipline. We want to work. We are not wild cats. The real wild cats are in 10 Downing Street as represented by this Tory Government.

There will be no hooliganism, there will be no vandalism, there will be no bevying [drinking]. It is our responsibility to conduct ourselves with dignity and maturity (quoted in McGill, 1973: 102).

The work-in's respectability added to an orientation on a specifically *Scottish* public opinion. Even before the action, shop steward leader Jimmy Airlie warned, "We will mobilise a political movement in Scotland to fight this decision" (Gillies, 1971: 1). However, while national in focus, the tactic assumed a broader culture of working class militancy and resistance to the Industrial Relations Act. Without such a culture, the UCS work-in could not have mobilised the finances to make the project a success. Moreover, in addition to its Scottish dimension, it drew from strong local community roots, a militant British labour movement and even international sympathy. As one account noted,

They were receiving backing, to an extent never before given to an unofficial action, from every section of the Labour movement, from nearly every political party, and from many broader based sections of the community. Indeed, a whole town of 50,000 people [Clydebank] practically put its entire services, from the municipal bank to the dust carts, at the disposal of the shop stewards (Buchan, 1972: 11-2).

The tactic represented two distinct poles. It looked to institutions built-up across Britain to support shop stewards and their strike activity. However, it also turned the tables on an established discourse of industrial conflict. According to received wisdom, Britain had become "ungovernable" due to irresponsible trade unionism. In 1971, Britain lost 11 million strike days; in 1972, this rose to 24 million, the highest numbers since the 1926 General Strike. The danger of these strikes was not simply the damage they posed to profits. Officials considered Britain's strike wave especially serious because much of it was unpredictable,

with union officials possessing very little ability to moderate and control factory-level behaviour, having lost power to shop stewards. Politicians and “industrial relations” specialists diagnosed an anomic normative disorder among Britain’s factory workers. The labour movement’s failure to curb strike action would lead to widespread suggestions that Britain was the “sick man of Europe” and suffering from terminal “decline”. This terrified conservatives, but also threatened social democracy’s traditional promise to keep protest inside a parliamentary box.

Tories sought to confront this crisis by facing down workplace militants, which explains their “lame ducks” policy. We can detect here an early, failed experiment to bring “neoliberalism from above” to Britain. Heath’s ideas famously emerged from a 1969 shadow cabinet brainstorming session at Selsdon Park Hotel in Surrey, which led to him to run the election on a “free market” mandate. Harold Wilson dismissed this “Selsdon man” agenda as out of touch with public feeling, but Heath won the election on these policies. As mentioned, a core part of this new confrontational approach would be to end government subsidies to industries which had become accustomed to assistance in the post-War era when combating unemployment was an accepted policy goal. Much of the trade union resistance of 1971/2, UCS included, took place within this context. This explains Reid’s claim, quoted above, that “the real wild cats are in 10 Downing Street as represented by this Tory Government”. The Tories are represented as reckless, the destroyers of jobs and established industries. Such caricatures had a strong base in reality, since Heath’s Conservatives truly did want to tear up the terms of the post-war settlement. The Tories’ approach to Clydeside shipbuilding was prepared by Nicholas Ridley MP, who, in a leaked document, suggested, “We could put in a Government ‘Butcher’ to cut up UCS and to sell (cheaply) to Lower Clyde, and others, the assets of UCS” (Collins, 2000: 2032). Heath famously abandoned the Selsdon agenda after widespread trade union resistance, with UCS playing a central ideological role. However, Ridley wanted absolute loyalty to the ideas that won Heath the election, and thus formed the “Selsdon Group” and would later become the chief strategist behind Thatcher’s key industrial battles with miners and steel workers.

Heath's proto-neoliberal policy confronted the received idea that governments had a responsibility to combat unemployment in general, and regional unemployment in particular. The movement to stop the shipyard closures therefore took the form of a cross-class alliance. Among those speaking out against Heath's policies were the SCDI and the Scottish office of the Confederation of British Industry (McGill, 1973: 99). The traditionally Tory-supporting *Glasgow Herald* also came (after some initial delay) to support the cause. Cross-class alliances were nothing original in Scottish politics, and had arguably been the default form of policy development under the banner of the SCDI, which incorporated the STUC and others. However, shop stewards now became the leading actors in forming such alliances, a radical departure from earlier alliances which combined Labour officials, technocrats and businessmen.

The novelty of UCS thus lies in the respectable leadership role allotted to the working class in general and the Communist shop stewards in particular. They successfully mobilised the idea of (London) Tory "wild cat" recklessness, while portraying a certain image of Scottish working class decency, stoicism and responsibility. Ingrained ideas and stereotypes of working class life undoubtedly played some role in this success, among them the respectability that comes with the role of the "male breadwinner" in working class families. This explains the dual meaning in Reid's famous statement, "We don't only build ships, we build men". Reid is referring both to the solidarities that allow Clydeside workers to resist reckless attacks on their livelihoods, and to their dignity and self-respect that comes with their family role. As McIvor notes,

Activists such as Jimmy Reid exploited masculine solidarities in the shipyards as well as class consciousness. Part of the appeal was for workers to act "as men" in the protection of their right to work and bring home a decent wage to support the family (McIvor, 2013: 87).

Nonetheless, it would be wrong to paint UCS as simply backward-looking. It was, instead, Janus-faced, to borrow a metaphor from Tom Nairn, drawing on traditional social roles while echoing cutting-edge ideas of industrial renewal. The Keynesian settlement had reached a state of exhaustion, which formed part of the context of pervasive strike action: as the post-war boom ebbed away, British industry could no longer sustain higher profits and higher wages together (Glyn and Sutcliffe, 1972). Ridley and Thatcher-style solutions formed one branch of this crisis, leading to neoliberalism. However, the Labour movement also struggled with competing approaches to governing industrial conflict. Barbara Castle's *In Place of Strife* suggested reigning in trade unions, blaming them for Britain's industrial woes (Tyler, 2006). However, New Left thinking about alienation, history from below, and power undoubtedly influenced both the Labour grassroots and to an extent the Labour leadership, and provided a foundation for Bennism (Panitch and Leys, 2001). There were serious intellectual efforts to move Labour beyond the dualism of piecemeal strike action on the ground and étatiste management from the top. "Industrial democracy" became one of the buzzwords of this movement (Coates and Topham, 1974; Panitch and Leys, 2001). The Institute for Workers' Control (Coates and Topham, 1973; Coates, 1968; Guinan, 2015) provided an intellectual hub of ideas, but even the conservative Fabians were experimenting with Yugoslav-style self-management (Singleton and Topham, 1963). Indeed, Harold Wilson seemed to embrace the cause of industrial democracy as a route out of Britain's 1970s crisis, saying in advance of his election in 1974:

the pressure for a greater degree of workers' democracy in whatever form—joint consultation, works councils, and so on—is only in its infancy. There is little doubt that we are at the beginning of a social revolution in this sphere (quoted in Williamson, 2016: 120).

Wilson took this proposal seriously enough to launch the Bullock Report on Industrial Democracy after his election. Thus, UCS did not simply represent a dying culture of masculine trade union militancy on Clydeside; it formed part of Labour's wrestling with positive answers to the crisis of post-war management. A significant strand of thinking

stressed that industrial strife could be ended by giving workers a role in management. This is why Tony Benn praises UCS as a historically unique moment where the “power of the workers has gone from negative to positive” (quoted in Panitch et al., 2001: 58). Although UCS stood defiantly opposed to Heath’s Westminster, it sought to undercut charges aimed at union militants of “wrecking industry” by appealing to values of decency, ordinariness and responsibility. They sought, and won, alliances with Scotland’s middle class institutions. Reid’s inaugural address as rector of that most respectable of institutions, the University of Glasgow, did not encourage students to revolt or take similar strike action themselves. Instead, it stressed humanist themes of alienation and the need for responsible self-government.

To unleash the latent potential of our people requires that we give them responsibility. The untapped resources of the North Sea are as nothing compared to the untapped resources of our people (Reid, 1972: 10-1).

Aware of public stereotypes portraying Glaswegian working class life as violent and alcohol-focused, UCS tactics stressed pacifism, “dignity”, and Calvinist restraint. This helped them to capture the banner of “unity” surrounding the Scottish economy. As Kerevan remembers, “Reid provided the strategic perspective that ensured the work-in became the locus of a plan to rejuvenate the entire Scottish economy, at a time when heavy unemployment had returned for the first time since the war” (Kerevan, 2010). Thus, it foreshadowed the strategy, led by labour movement leaders, of building defensive alliances around Scottish control of industry. In an authorised history of the STUC, Aitken notes: “UCS became the metaphor for a more general industrial and economic jeopardy, which would in turn become the favourite metaphor for the assertion of Scottish political grievance” (1997: 229). Mobilising an atmosphere of emergency around the Scottish economy thus acted as a means of preserving jobs in a period where Scotland’s traditional ownership structures collapsed. Far from threatening or “wrecking” the whole edifice of Scottish capitalism, the labour movement could cast itself as “saving the economy”.

The STUC therefore responded to UCS by calling a “Scottish Assembly” on Valentine’s Day 1972, and their judgement was rewarded when 1,500 delegates turned up. As Aitken’s STUC biography approvingly remembers, the delegates “represented as broad a spectrum of Scottish civic life as had ever been assembled: all the political parties took part, as did the SCDI, the churches, the universities (staff and students), the local authorities, CBI Scotland, the Chambers of Commerce and, of course, trade union and trades council delegates...the aspect of the day to linger longest in most minds was the strength of feeling which emerged from the floor in favour of vesting greater control over Scottish affairs in Scotland” (1997: 229-30). Crucially, the trade union movement was not simply a junior partner in this coalition, as with earlier exhibitions of unity around the Scottish economy. Instead, the STUC had become the most prominent voice and active agent of Scotland’s economic interest, acting as a catalyst and coalition-builder. Again, the context is crucial. Elsewhere, trade unions were portrayed as wreckers and vandals, destroyers of British industry, responsible both for imperial decline and for a waning national psyche. If strike action represents collective strength by shutting down the workplace to assert power over management, a work-in represents collective strength by maintaining industries abandoned by capitalism.

UCS thus played an ongoing role in the national imagination, and arguably plays the most seminal role in founding the contemporary “Scottish lobby”, although this is very often forgotten in current Scottish historiography. Moreover, to simply reduce UCS to a last, doomed attempt at “saving jobs” would be to underestimate the significance of this within Scotland’s political economy. Unemployment and its symptoms – emigration, physical and mental ill-health – have been vital to political battles over Scotland’s constitutional relationship to Britain. This formed the moral economy behind regional policy and inward investment (Phillips, 2014). UCS has become a key moment in strictly nationalist history, partly because it stands for the beginning of a defensive trade union strategy specifically centred on Scotland, and partly because its leading spokesperson Jimmy Reid became a famous convert to the SNP.

However, not everyone agrees that UCS represented a success. On the right, the Centre for Policy Studies released a critical report arguing that “Few [cases] illustrate the pitfalls of state intervention more fully and vividly than the troubled history of Upper Clyde Shipbuilders” (Broadway, 1976: 15). In Keith Joseph’s Preface to the report, he charges that, “[UCS] enabled a committed communist apparatchnik, Jimmy Reid, to become a national figure overnight, it cost the British taxpayer tens of millions of pounds, with more to come, and left all the problems of ship-building in the region unsolved” (Broadway, 1976: ix). Right-wing anger at the propaganda victory of UCS is fairly understandable. In conjunction with other strikes and protests, UCS became one of a series of events in 1971-3 that essentially reversed the first major attempt to implement neoliberal reforms in Britain.

However, UCS has also been criticised from the radical left in Scotland. They find in it a distinctive, defensive approach to Scottish trade unionism, which centres on mobilising popular consensus around threats to an imagined Scottish economic interest. Alex Law observes that,

In 1971, an illegal “work-in” at the Upper Clyde Shipbuilders forced a Conservative government to keep the shipyards open...Ever since, a popular front known colloquially as the “Scottish lobby” has routinely mobilized pan-class alliances to maintain the existing spatial fix, albeit with very limited success (Law, 1999: 424).

Neil Davidson (2010b: 373-4) similarly traces the Scottish lobby to UCS, arguing that while it undoubtedly began as an innovation, it remains the single case where “respectable” Scotland scored a notable economic victory against Westminster. This view is perhaps an exaggeration, since preventing the RBS takeover and saving Ravenscraig from closure are arguably attributable to such lobbying efforts. However, these limited successes undoubtedly involved sacrifices. The cross-class Scottish economic interest would often set itself against more militant working class action on a British scale. Ravenscraig, a campaign

mobilising Tory MPs as well as shop stewards, highlights the costs of a cross-class strategy, since keeping the steel mill operating ran counter to the UK-wide miners' strike. Given that a miners' victory in that strike would almost certainly have thrown Thatcher's government into turmoil, the effects of "putting Scotland first" arguably allowed the Conservatives to remain in power or at least aided them in remaining there. Notably, Jimmy Reid was a determined opponent of the Miners' Strike, and used his column in *The Sun* (a strongly anti-union newspaper) to condemn Arthur Scargill.⁶

Assessments of this sort depend on a claim that is counterfactual and thus difficult to prove, namely that Britain could have gone down a different political road if the trade unions had pursued a more confrontational strategy. Certainly, though, recent research into the miners' strike have tended to discredit Reid's claims that the strike was simply a mindless charge based on Arthur Scargill's cult of personality. The threats to the coal industry described by Scargill, and dismissed by the Tories, turned out to be very real. Moreover, Seumas Milne, in his acclaimed history of the strike, states that, "It only gradually became apparent during the 1990s, as memoirs were published and participants felt able to speak more freely, how near the government came to defeat at the hands of the striking miners in 1984" (2004: 19). As Paul Mason argues,

Arthur Scargill, the miners' leader, was criticised afterwards for beginning a conflict he could never win. So the revelation that he was on the point of winning – or at least achieving a messy compromise – in July 1984 is an important addition to the record (Mason, 2014).

The flood of new revelations about the miner's strike tend to paint Reid's opposition to Scargill in an increasingly dark light. Moreover, we can also observe that the initial militancy

⁶ Reid was widely vilified across the left at the time, which makes his subsequent deification all the stranger. The controversy surrounding Reid, and his response to the allegations, is covered in a *Herald* feature article Ritchie, M. (1987): "The Road from UCS to the Sun", **The Herald** 15/06/1987

of tactics focused on respectable Scotland declined. Thus, while Ravenscraig drew upon the popular themes of UCS, the collapse of working class self-confidence shifted the unions into a defensive stance. Although Moore and Booth list both UCS and Ravenscraig as examples of “defensive consensus” building in Scotland, they observe,

The [Ravenscraig] campaign took very different forms from the earlier...UCS...campaign in the 1970s...The political climate of the 1980s was radically different, particularly after the failure of the miners’ strike in 1984. Industrial action was not seen as feasible or likely to win the wider support of Scottish opinion...[UCS owed] its success [to] the local shop stewards’ movement as the leading element of the working-class organization and the weakness of the central government in responding to this level of unity. By the 1980s an entrenched and confident government faced a weak labour movement. In this context the significance of actors outside the shop stewards’ organization, particularly the local authorities and [SCDI], became important (Moore and Booth, 1989: 94-5).

Of course, this highlights how, at certain junctures, the Scottish economic interest can play a conservative role when faced with strikes on a Britain-wide level. As Moore and Booth rightly emphasise, the defensive coalition building of UCS and Ravenscraig gave way over time to “proactive consensus building”, asserting a unified vision of a Scottish alternative to Thatcherism. This preserved themes and drew on the grassroots legitimacy of earlier struggles while shifting authority to the STUC leadership, local government, and nationally-inclined capitalism. Whether such campaigns scored real success, though, is debatable. As Michael Keating observes, articulating the Scottish interest became difficult “in the face of rapid economic change and a government determined radically to challenge the postwar social and economic settlement” (Keating, 1996: 200), as, meanwhile, rivalry between the SNP and Labour intensified and much of Scotland’s business leadership disappeared. This left the STUC, the General Assembly of the Kirk and the Scottish Constitutional Convention to “fill the representational gap” (Keating, 1996: 201), a task they were unable to accomplish despite numerous conventions and declarations of unity. Increasingly, arguments that

Westminster had a special responsibility to the cross-class Scottish interest had declining influence; this undoubtedly explains the broad appeal of devolution's offer of "Scottish solutions to Scottish problems". However, it put the onus on the labour movement and its allies to "positively" outline where jobs should come from amid the collapse of Scottish industry.

UCS certainly helped give the Scottish male industrial worker an iconic role in representing the tragedy of the Scottish economy. Thus, UCS and Red Clydeside remain distinguished and respectable parts of Scottish history, claimed by rival parties and constitutional alliances, whereas England's heritage of industrial struggle has been suppressed and deliberately forgotten in mainstream politics.

Essentially, three views may be taken on UCS. The mainstream post-Kinnock British view would present all industrial protest as essentially counterproductive and threatening to broader economic security. Thus, although UCS cast itself as a force of order against the reckless policies of Heath, it nonetheless serves little function in New Labour-style thinking on British history. Another view, largely but not exclusively associated with Marxism, would see movements like UCS as the taming of radical protest in the name of national consensus. It would point to the largely failed legacy of such mobilisations. Sociologists of the 1970s had shown that discourses of worker participation in management tended to emerge in historical cycles whenever shop-floor militancy was high, and formed a strategy of "incorporating" militant leaders to buy off the rest (Ramsay, 1977). Arguably this happened in Scotland on a national scale. A third view would see UCS as a lost "third way" to the crisis of the 1970s, in which workers could have partly assumed a hegemonic leadership role within the context of capitalism. Although I have no wish to endorse the first view, both the second and the third views pose problems. The second implies that workplace protest could continue without a plan for political victory while the rest of capitalism was moving in a neoliberal direction. This depends on a number of difficult to prove premises, such as believing that simply bringing down Thatcher could have reversed the global trend to neoliberalism. The contradictions of the third view are evident in

Scotland. Here, working class leaders were drawn into the political momentum towards devolution, which ended in Scotland pursuing policies that closely mirrored the British consensus.

However, in some respects, views on whether Jimmy Reid in particular and the UCS approach in general are heroes or villains are less relevant than the facts. UCS helped bring about a centre-ground in Scotland that drew on industrial iconography while building a defensive consensus around jobs. As the next chapter will suggest, when the defensive project failed, Scotland's centre-left were left to promote "enterprise" and "entrepreneurship" to restore the Scottish economy.

7.3 Social Democracy and Class in Scottish Nationalism

Scotland is often portrayed as a social democratic nation. Academically, the evidence for such perceptions is contested because, although Scottish voters have continued to support more egalitarian policies, the same is true (to only a slightly lesser extent) in England (Bond and Rosie, 2007). However, unlike most nations with a two-party system, Scotland's (pre-2016) election rivalry involved two parties who officially described their goals as "social democratic". Analytically, how should we assess this self-description? We could take them at face value. However, since the goals of self-described social democratic parties have changed so drastically since the 1970s, this involves relatively weak descriptive power. Conceptually, we have to ask what links Gordon Brown, Tony Benn, and Nye Bevan together. I would describe two basic approaches to defining social democracy. One involves simply describing somebody's broad orientation towards the current political consensus. In Keating and McCrone's (2007) approach to Scottish social democracy, for example, a social democrat is someone whose values incline them to want greater equality, a more humane capitalism and greater liberty compared to the mainstream. They thus explicitly define the Scottish Liberal Democrats and the SNP as social democratic. These approaches to classification could be described as "weak", since the entry requirement is not particularly

strict, and clearly, as the political consensus evolves in a neoliberal direction, the entry limit weakens accordingly. By contrast, I would argue for a stronger definition, in which social democracy includes – in addition to the above – an ongoing historical link to the trade unions and a desire to limit politics to parliament (Przeworski, 1980). Social democracy, in my definition, is a strategy – the main strategy – for achieving working class gains under capitalism through parliamentary means while broadly supporting the values listed above. It should be remembered, in that regard, that Labour continued to draw most of its funds from the trade unions even when they officially disowned class politics. The SNP is perhaps best compared to parties like Ireland’s Fianna Fail, “catch-all” populist and cross-class in nature, but easily capable of winning many – even most – disadvantaged voters away from Labour and of outflanking Labour from the left (Allen, 1997).

This stress on class is not particularly controversial. Even critics like Esping-Andersen, who opposes explaining the *welfare state* in terms of working class mobilisation, nonetheless stress the link between *social democracy* and the working class:

Social democracy’s embrace of parliamentary reformism as its dominant strategy for equality and socialism was premised on two arguments. The first was that workers require social resources, health, and education to participate effectively as socialist citizens. The second argument was that social policy is not only emancipatory, but is also a precondition for economic efficiency...Following Marx, in this argument the strategic value of welfare policies is that they help promote the onward march of the productive forces in capitalism. But the beauty of the social democratic strategy was that social policy would also result in power mobilization. By eradicating poverty, unemployment, and complete wage dependency, the welfare state increases political capacities and diminishes the social divisions that are barriers to political unity among workers. The social democratic model, then, is father to one of the leading hypotheses of contemporary welfare-state debate: *parliamentary class-mobilization is a means for the realization of the socialist ideals of equality, justice, freedom, and solidarity* (Esping-Andersen, 1990: 6; my italics).

Theoretically, parliamentary class mobilisation is thus the means, socialist values are the ends, and the (notionally) united working class are the power behind it. Such conditions are crucial for forming a *critical* stance on whether social democracy is achieving and can achieve its historical ends. I do not intend to praise Labour and criticise the SNP by my definition. On the contrary, I intend to insist that Labour should be judged more firmly by at least a minimal normative perspective on working class strategy, whereas the SNP should be understood by its deliberate nature as a cross-class alliance to establish a new state.

Under these “stronger” conditions, it would be wrong to describe the SNP (never mind the Liberal Democrats) as social democratic. Their exclusion is not because there is a fundamental conflict between social democracy and nationalism. Indeed, social democracy has always been inherently nationalist, in the sense that we talk about “methodological nationalism” in sociology: it assumes the natural basis of the nation state in solving problems. Moreover, this fundamental *official nationalism* (Anderson, 2006) in social democracy partly explains why official social democrat leaders can be uncomfortable with Scottish nationalism where it means independence. The latter unsettles a taken-for-granted, pre-existing national parliament that forms the “natural” ground for social democracy. Thus, while the STUC has always oriented on Scotland and the campaign for devolution, most union elected and unelected officials remain centred on London even after Holyrood became a fully-fledged parliament. Popular working class politics has been, in addition, nationalist in a more active sense, mobilising patriotism for the purposes of war and also crusades against poverty and other issues. Scottish nationalism, however, is qualitatively different from Labour because it involves no historic link to the unions. Indeed, although the SNP has always had a radical left, its origins lie in splits within Scottish Unionism/Toryism (Finlay, 1992). Despite an influx of working class members since 2014, it remains, today, dependent on business funding and sponsorship (The Scotsman, 2003; Sanderson, 2016).

Nonetheless, the issue is complicated, because critics of Labourism often join the SNP hoping that the working class movement could pursue a better strategy for reform within a future Scottish state. Jim Sillars and the founders of the Scottish Labour Party clearly belong in this camp. Furthermore, while Labour has never embraced “separatism” directly, large sections of the union movement and the Labour Party embraced Home Rule, and the conceptual difference between “independence” and “Home Rule” can be relative rather than absolute. Here, I will consider the ideas of SNP activists who wanted a left-wing programme of Scottish nationalism, and how they tried to reconcile these problems.

In 1976, Stephen Maxwell published an essay titled, “Beyond Social Democracy”. Maxwell begins by noting that the SNP has traditionally avoided ideological labels that place it on the left-right spectrum. For Maxwell, this reflects their belief in a myth that Scottish politics naturally exhibits a democracy that rises above class conflict: “Its point of departure is the myth of Scottish democracy which is seen as rejecting class theories of politics, as being anti-bureaucratic and egalitarian with strong populist overtones and placing emphasis on the value of local and community identity” (2013b: 34). This notion of a natural Scottish spirit of equality that floats above class is well-known, perhaps best exhibited in philosophies of education, the “democratic intellect” and “the lad o’ pairts”. Class, then, becomes an alien culture imported into Scotland by the British state. Despite these misgivings, the SNP had embraced the label “social democracy”. However, as Maxwell notes, it had done so purely because the term epitomised conformist thinking:

Why has the social democratic label proved acceptable to a party that has traditionally rejected ideological labels? Social democracy is consistent with the SNP’s non-ideological tradition only to the extent that in its contemporary meaning it implies a rejection of the ideological stereotypes of socialism and laissez-faire capitalism. Partly for that reason it carries a public relations gloss of moderation and even of conservatism which is convenient to a party proposing a major constitutional upheaval...Critics may suspect that its acceptability is further enhanced by its vagueness. Certainly none of those within the SNP who have declared themselves

social democrats have yet offered a systematic account of what they understand by the phrase (Maxwell, 2013b: 35).

Within Scottish nationalism, Maxwell made undoubtedly the greatest inroads in creating a coherent account of the SNP's relationship to class society. Throughout his career, he espoused a vision that stood on the party's radical left. However, his strategic approach to class changes sharply over time.

In the 1970s and early 1980s, most famously in *The Case for Left-Wing Nationalism*, Maxwell imagines the agency of independence as working class. He observes that "the long decline of the Scottish private sector has destroyed the social and economic base in Scotland for 'bourgeois nationalism'" (Maxwell, 2013b: 94). Furthermore, "the Scottish professional middle class... is ill-equipped to provide an alternative base for middle class nationalism" (Maxwell, 2013b: 95). It follows that

In an old industrial society with a weak middle class, the working class offers the only possible base for popular nationalism. The Upper Clyde campaign of 1971, the swing of working-class support to the SNP in the mid-1970s and the working-class support for the "Yes" vote in the referendum of 1979 suggests that the Scottish working class has retained at least some potential for radical action despite the haemorrhage of working class jobs which has occurred over the past 30 years... The challenge for Scottish Nationalists is to articulate this working-class interest into a new sense of political nationality capable of challenging the defensive and self-deluding nationality which helps to attach the working class to the Labour Party (Maxwell, 2013b: 96-7).

To summarise the argument, the historic sense of Scottish political and cultural nationality is too weak to serve as the basis for modern political nationalism. With the decline of the Scottish middle class the Scottish working class offers the only possible social base for a Nationalist movement in Scotland (Maxwell, 2013b: 99).

However, four years on, as the left-nationalist splinter '79 Group faced expulsion from the SNP, Maxwell was bitterly condemning a strategy he helped to outline. The '79 Group had attracted support from Jim Sillars and the young Alex Salmond and Kenny MacAskill who made their name through vigorous support for "Scottish Resistance" to factory closures in West Lothian. In a co-written pamphlet, MacAskill and others make the case for dissolving the barrier between working class politics and nationalism. Indeed, their approach went beyond the traditions of social democracy to argue explicitly for civil disobedience in Scottish factories:

The miners [sic] strike of 1984/85 will go down in Scottish working class history as one of the most profound industrial struggles of all time. Even so the end result has not been victory but defeat, with the Labour Party leadership who owe so much to the working class of Scotland and the trade unions either taking a back seat or actively manoeuvring in the fashion of Neil Kinnock to stab the miners in the back (MacAskill, Halliday et al., 1985: 1).

The fightback by the working class is coming not from the [trade union] Head Offices in London but from Shop Stewards' Committees in Scotland. Recent disputes such as Plessey, Lee Jeans and Wallacetown have borne witness to this manifestation (MacAskill, Halliday et al., 1985: 19).

Civil disobedience must be considered and taken on board by the National Party. The alternative is to leave itself to operate within the ambits of a system created by and for the British State...The aims and aspirations of the Scottish People cannot be restricted by this foreign government (MacAskill, Halliday et al., 1985: 20).

This faction's radical approach took the blame for division inside the SNP, and its fate was sealed when moderate centrists like Tom McAlpine, Isobel Lindsay and Jim Fairlie turned on them. In a critical retrospect on the Group, Maxwell dismisses its working class and socialist inclinations as intellectual conformity to Scottish Labourism:

Among the chief intellectual influences on the '79 Group must be counted the Labour Party or, more precisely, the Labour Party's success in retaining its working class support in Scotland when it was being sadly eroded in England. To many Group members this success constituted clear evidence that class identity was still the decisive political factor in Scottish politics and that Scotland's centre of gravity was several points to the left of England's. The Group's complaint was that the Labour Party had at best wasted Scotland's radical potential and at worst cynically exploited it in the interest of sustaining the Party's challenge at Westminster for the empty title of Her Majesty's Government. For all that, the Labour Party's electoral success demonstrated the durability of a class-based politics articulated through the trade union movement (Maxwell, 2013b: 120).

The '79 Group is peculiar because it looked to social democracy at a time when social democracy faced a global crisis. As Maxwell observes, the Group never contributed much to the analysis of that crisis, merely drawing attention to parochial causes – the “cowardice” of Scottish Labour “traitors” – to explain palpably broader issues. Maxwell lists a range of potential intellectual influences that the group could have consulted instead of the Scottish social democratic tradition. These broadly fall into the “radical democracy” camp of Red-Green thinking: Alain Touraine, Rudolf Bahro, André Gorz. However, beyond listing the '79 Group's failure to engage with these thinkers, Maxwell does not outline precisely how such a strategy would fit in Scotland. In particular, his thoughts on radical democracy do not outline a new “social base” to replace the role that the working class was destined to play when he wrote *The Case for Left-Wing Nationalism* in 1981.

As we described above, the SNP has never been an obviously social democratic party because it possessed no links to the unions and only transient roots in the working class. While it attracted working class votes, sometimes more so than middle class votes, its bulk of membership came from the conservative middle class, a fact always acknowledged by

Maxwell. The '79 Group, despite its failure, is of interest because it actively pressed the dilemma of what an authentically social democratic strategy for nationalism might look like. However, despite playing a role in industrial disputes during the early 1980s, it never won sympathy for the SNP among trade unionists. And Maxwell's criticisms hit on the implicitly conservative framework through which Scotland's "working class" has been imagined, which was always destined to frame the proletariat as a male, declining traditionalist force. The '79 Group neither embraced the challenge of redefining workplace politics in clearer terms, with greater space for non-manual, post-masculine work, nor did it outline how a "radical democratic" alternative might work. Instead, it embraced a social democratic politics and imagination of factory work just as those features of the post-War order declined beyond recognition.

By the 1990s, Maxwell's views had clarified: in critical and somewhat pessimistic terms, he returned to question of middle class agency, the factor he had dismissed a decade earlier. He outlines in precise terms why his earlier strategy could no longer apply:

The decline of the manufacturing labour force has been even more rapid in Scotland than in most other industrialised societies. The non-manufacturing sections of the labour force are dispersed and difficult to organise. It is improbable that any distinctively working class formation will be able to act as a determining force in the affairs of a Western democracy for the foreseeable future. The live issues in the politics of the 21st century are likely to reflect middle-class not working-class concerns (Maxwell, 2013b: 157).

Thus, "if the Scottish middle class is peculiarly defective in its capacity for national leadership the implications for Scotland's future are grave" (Maxwell, 2013b: 157). Maxwell chastises the Scottish middle class for failing to offer any response to the challenges set by oil, external takeovers and industrial decline. He contrasts the Scottish middle class's ambivalence towards devolution with the assertive approaches adopted by this class in

Norway, Alberta and Quebec, approaches which combined state capitalism with localism. Maxwell blames their failure to seize the initiative of national leadership on several factors. Among the most crucial, though, are the cultural and imaginative framing of middle class leadership. Scotland's middle class was statistically smaller than England's, but only by a small percentage. The main issue therefore could be traced to subjective problems, a cultural conservatism which leads to weak leadership: "Perhaps it is the lack of vitality of the middle-class Scottish imagination which brings us closest to the heart of the mystery of the Scottish middle class" (Maxwell, 2013b: 171). The middle class in Scotland could not envision themselves as the dominant part of national life, whereas the working class, through literature at least, had clearly achieved cultural supremacy. As Maxwell notes, the manner in which the working class "stands in" for the fate of the nation is a distinct feature of Scotland's public life: in most nations, the bourgeoisie plays this function. Maxwell's strategy for nationalism in the nineties hinged on restoring the middle class to its proper leadership role in national life: "The growth of a positive will to radical action on Scotland's behalf may depend on a more profound Europeanisation of the Scottish imagination in which the Scottish middle class learns to see itself equally with the Scottish working class as the hero and heroine of its own nation's history" (Maxwell, 2013b: 184).

Maxwell, standing for the SNP's radical left, comes perilously close to endorsing a view overlapping with Scotland's radical right, i.e. that Scotland's future lies in strengthening middle class influence. The neoliberalism adopted in Scotland would also criticise the conservatism of the Scottish middle class, its unwillingness to play its assigned leadership role and its clinging to the state. To his credit, he acknowledges this, and pays abundant attention to how the political right tried (unsuccessfully) to strengthen its hand in Scotland through measures like the Poll Tax and the creation of Scottish Enterprise, discussed below. However, having accepted the middle class as the dynamic agent of history, the task was to win them to a dual agenda through which they would live up to their responsibilities. This would involve constitutional change, and an interventionist/localist approach to development modelled on the Nordic countries.

The dilemma Maxwell frames for Scotland's relationship to class has continued to reappear in various forms throughout Scottish sociology. Compared to other countries, people in Scotland are more likely to identify as working class, even though nothing about Scotland's socio-economic profile really explains the divergence. Equally, middle class Scottish culture remains comparatively indistinct. Various conclusions have been offered, but most depend on the idea that working class identity is essentially a form of traditionalism that offers solace in a difficult age of social change. Thus, Scotland is distinguished by imagining its economic relationships so as to exaggerate the size of the working class and to deny the true role of the middle class majority. In the stress on "professional" agency in the mainstream of sociology of Scotland, there is a politics broadly reminiscent of Maxwell. Essentially, it expresses a frustration *from within the middle class* that the Scottish middle class refuses to stand up for combatting poverty, humanising capitalism and infusing Scotland with a liberal spirit.

A basic premise about the petty bourgeoisie is that they can maintain control over work, whether because they own their own business or because they play a managerial role over workers beneath them. Some professionals, through their control over socially useful skills, are also able to control their labour markets so as to avoid the stricter laws of the marketplace. All classical sociology assumes that a middle class exists because of these factors. However, this group's effective agency and ability to control the economy remains questionable. Whether "middle class" individuals can achieve the traditional aims assumed to social democracy – humanising capitalism, greater equality and liberty – without a strong union movement is open to doubt after decades of neoliberalism. Where the middle class simply command through the state, or a part of the state, they are open to all the stresses of capitalism that beleaguered working class parties in history, with none of the independent defences. The perspective favoured by Maxwell is that Scotland suffered from a pathological weakness in the middle class that set it apart from a world of growing middle class influence. However, another explanation is that Scotland prefigured the future of Europe where part of the middle class would be subject to insecure, precarious employment, and

the part commanding power would lose their autonomy from the demands of a capitalism where “voice” mattered less than “mobility” (see section 9.5).

7.4 The Ruling Class

I want to observe some of the parallels between the declining agency and leadership of the working class, and that of the capitalist ruling class in Scotland, the class that was such an obvious feature of Scottish politics when Hughes and Scott wrote *The Anatomy of Scottish Capital*. In both cases, the capitalist processes that produce these classes have arguably intensified (Law and Mooney, 2010). State-run services like council housing have been commodified, and people, especially women, increasingly pursue wage labour whether by choice or by necessity; meanwhile, the share of wealth at the top has grown, and capital has much greater freedom of movement. Ideologically, private sector solutions to public problems have become established parts of Scottish politics for decades. Indeed, research has shown that devolved Scotland embraced private finance initiatives with greater enthusiasm than anywhere else in Britain (Baird, Foster et al., 2005). Nonetheless, with the exception until recently of finance, the specifically Scottish capitalist bloc has declined, and Unionism/Conservatism, the party of Scottish capitalism, has shrivelled in electoral terms, and even if these twin declines are only accidentally related, they have taken place almost in parallel. A similar decline in more hegemonic institutions like the SCDI is also visible. Capitalism and its class-producing processes has intensified in Scotland, but visible capitalist leadership has declined. As Baird et al observe,

In contrast to 1974, there no longer exists a coherent Scottish business network concerned with developing the infrastructural and institutional framework required by companies that see their investment and production as being regionally based in Scotland. On the contrary, the great bulk of investment by the remaining Scottish companies is now, like their ownership, located outside Scotland. While acknowledged spokespersons for business do exist, their perspectives tend to be

framed within the assumptions of the big institutional investors in London and New York – assumptions strengthened by the centrality of fund management within the Scottish financial sector (Baird, Foster et al., 2005: 4).

The Conservatives' ability to stand for the interests of the Scottish economy, within a broadly British system of imperial rewards and loyalties, was central to their appeal. Today, surviving Scottish businesses with clearly identified Scottish owners have ceased to view the Scottish Conservatives as the main vehicle for their interests. SCDI, once solidly Tory, fell in line with coalition building to save Scottish businesses from Thatcher's policies. Few spokespeople would come forward to defend Thatcher's policies from within Scotland, although Thatcher did have allies, including Scottish CBI chief Bill Hughes (see section 8.3).

However, such facts do not necessarily limit the power of a capitalist ruling class. Traditionally, in Scotland, having a "voice" in politics mattered to the Scottish industrial and financial ownership families. However, capitalist power does not always take this form. As section 9.5 will argue, an increasingly transnational business elite found other ways to assert power over Scotland's political direction.

7.5 Post-Script on the Poll Tax and Working Class Community

The period studied here begins with left-wing nationalists proclaiming that only the working class could bring change to Scotland; it ends little more than a decade later with complete surrender on that front. However, one peculiarity of Maxwell's new stress on middle class agency is that it follows the Poll Tax campaign (McCrone, 1991). Officially named the Community Charge, the Poll Tax replaced domestic rates with a regressive single flat rate levied on every adult. It was trialled in Scotland in 1989 to prepare for its introduction across England and Wales in 1990, but was widely opposed in Scotland and infamously ended in a riot in London that signalled the end of Thatcher's time in power. Alongside UCS, this would be remembered (rightly or wrongly) as one of two post-War,

pre-2014 moments where working class identity and Scottish patriotism formed an effective compound in resisting a Westminster policy. Maxwell makes two references to the topic. In one, he notes that the initial strategy behind the Poll Tax was a Scottish one, designed to “divide and conquer”, carving out a new base for the New Right in Scotland by setting private against public interests (1991: 143). In another, he somewhat negatively refers to the divide between the non-payment and pro-payment sections of the movement. This reflects divisions inside the SNP on the issue (1991: 149). Having gained initial success with a Jim Sillars fronted radical campaign focused on Scottish civil disobedience, the party had retreated to an official, legalistic approach (McCrone, 1991). This left the Scottish Militant Tendency, a Trotskyist breakaway from Labour, to take the credit for the success of the non-payment strategy.

Tommy Sheridan, the Militant leader, co-wrote an influential account of the Poll Tax that was largely an autobiographical reflection on his life story. The book begins with a personal reflection on his father’s masculine world of physical labour, involving “so many men” (Sheridan and McAlpine, 1994: 1), a universe that recalls the pride and stoicism of UCS. However, that observation serves as a departure point. “The manufacturing industry which dictated where we lived and how we lived has gone. The same people live here. Everything else has changed” (Sheridan and McAlpine, 1994: 2). Sheridan highlights in Ballard-esque terms the physical barriers that separate Glasgow’s estates and their problems of unemployment from mainstream urban life, the bridges and motorways that “were not so visible at first, when everyone was employed” (Sheridan and McAlpine, 1994: 2) but became silent monuments to isolation. Sheridan describes the experience of unemployment not in terms of struggle and resistance, but in terms of ghettoisation and “Apartheid”:

As you turn off the M8, there’s a sign which says “Welcome to the township of Easterhouse”. It struck me the first time I saw it. I thought: that’s true, these places are like townships in South Africa. You might not need a passbook to get in and out. But you need enough money for the bus fares. Your Transcard is your passbook. Otherwise you’re stuck in your scheme (Sheridan and McAlpine, 1994: 2).

The Poll Tax campaign highlights a new way of imagining the experience and the agency of the working class that focused on communities rather than workplaces. The old representatives of social democracy in Scotland, Scottish Labour and the STUC, opposed the tactic of civil disobedience over the Poll Tax. Some portrayed it as dividing the working class, and preferred official tactics focused on elections. However, the concerns were not simply for working class unity: they were equally worried that civil disobedience would divide the respectable coalition of interests behind an alternative development strategy. Protest would endanger the “proactive consensus building” (Moore and Booth, 1989) behind the long march to devolution.

The Poll Tax non-payment movement was distinguished by being clearly, abundantly working class and Scottish in character while bypassing workplaces and the official union movement. Moreover, while radical, it set itself against the “English” leftists who rioted against the Tax, as David McCrone observed of the Militant-led Anti Poll Tax Federation:

Its focus has largely been in the working-class council estates and it claims few members in middle-class areas or among students and academics. It disparages the inconsistent efforts of its fringe rivals such as the Socialist Workers’ party [sic] and the Anarchists, and contrasts the disciplined and violence-free demonstrations in Scotland with the poll-tax “riot” in London (McCrone, 1991: 451).

Thus, the radical end of the Poll Tax movement distances itself from the gradualist streak in the Scottish Lobby that emanated from UCS. But its rhetorical tactics recall UCS. It takes a social group officially reviled as dangerous – the community suffering from unemployment – and presents them as a respectable, noble and stoical group contrasted to the “wreckers” in Westminster, as Jimmy Reid had done with industrial workers with UCS. It asserts this group as the spokesperson for a Scottish national dimension. And, again following Reid’s example, it distances this stoical Scottishness from the alleged adventurism and violence of

the English left. Compare Sheridan's portrayal of the Scottish demonstration on the day of the Poll Tax riot in London, and his portrayal of the riot itself:

Sheridan on Scottish demonstration: "Our rally in Glasgow was the biggest unofficial demonstration in Scotland since the Upper Clyde Shupbuilders work-in in 1971. The Mad Pipers (or the Hot Chocolate Pipers since they changed their name for every demo) skirled from George Square to Queens Park. Forty thousand people followed, with balloons and banners and kids on their shoulders. Through Glasgow Cross, Bridgeton and the Gorbals, locals turned out to cheers us. There was so much good feeling. I remember one of our stewards - Jack Harvey - was approached by a lanky guy backstage who said he wanted to sing a song. I don't know about that, says Jack, thinking he had a chancer on his hands. It turned out the skinny guy was Ricky Ross from Deacon Blue...After speaking beside Jim Sillars and Dick Douglas I was whipped away to the airport, leaving the crowd to Deacon Blue, Hue and Cry and the Wildcat band" (Sheridan and McAlpine, 1994: 120-1).

Sheridan on English demonstration: "The individual instances of violence will stay with me forever. Most vividly, I remember a few people setting a portacabin alight on the scaffolding at the far end of the square. Further up the scaffolding a long-haired guy in a green flak jacket held a fire-extinguisher in outstretched arms above his head. I thought: surely not. Buy yes, he flung it over the edge and it somersaulted, almost in slow motion, into the crowd below. My heart sank. This had been a real family occasion. There were a lot of kids on the march. Anarchists who defended such actions said they were aiming at the police. But these idiots were 100 feet up. It was crass stupidity." (Sheridan and McAlpine, 1994: 122)

Sheridan comparing the two: "It was very different from Glasgow that day, or indeed all the other demonstrations, occupations and illegal activity involving the Scottish Anti-Poll Tax Federation. Given the concentration of the working class in Scotland, the police knew strongarm tactics would be well out of step with public opinion. There was even a mutual respect. You lost count of the individual polis

[police] on Scottish demos who'd say they weren't paying their Poll Tax". (Sheridan and McAlpine, 1994: 125)

The perceived success of these tactics led to the Scottish Socialist Party under Sheridan's leadership, which, briefly, became the dominant anti-establishment voice in Holyrood. In a more lasting sense, it also helped articulate a new idea of "the Scottish working class" based on communities rather than workplaces. This mirrored a transition in mainstream politics – and, undoubtedly, to an extent, a change in Britain's economic structure – where the working class "deviancy" problem was being moved from workplace organisation to community identity. For Thatcher, this took the form of shifting blame away from trade unions onto "welfare dependent" groups like single mothers and "girls getting pregnant and 'married to the state' rather than to a male breadwinner" (McRobbie, 1994: 107-8). The hatred expressed towards "chavs" in England and "neds" in Scotland reflects a respectable revolt against the allegedly criminal "underclass" (Jones, 2012). New Labour combined a "law and order" approach to such groups with policies to tackle "social exclusion" by bringing this class onto the job market. The peculiar discourse of the Scottish left was to attach values of respectability and decency onto what was increasingly imagined as the "working class". Compared to the 1970s, the major difference was that workplaces now played little or no role in this discourse of class.

This new framing of the working class solved a problem, where the dominant philosophies of devolved Scotland tended to ignore class conflict as a cuddly relic or a nightmare of the past, one rooted ultimately in a West of Scotland culture of manual labour. It highlighted the ongoing issues of poverty, health inequalities and educational division in Scotland. The SSP proposed policies like free school meals and abolishing prescription charges that directly influenced working class living standards and that, when adopted by the SNP, ultimately led to ideological breaches with New Labour inside the Scottish Parliament. Last, the SSP grew out of a community-based campaign and thus broke – rhetorically at least – from the centralist left traditions of Scottish Stalinism, Labourism and the STUC.

Nonetheless, this new definition of the working class poses problems of strategy.

Numerically, the urban housing estates, benefit claimants and very-low paid workers taken together could never constitute the social majority, and, perhaps more importantly, have never had much organised collective power over the economy. Here, the working class becomes the victims rather than the agents of history. Morally and politically, this socialism is rather more Fanonite than Marxist, appealing to working class as the lowest in society to demand recognition as human beings, whereas Marxism – and traditional social democracy – constitutes the working class as the social majority, asking them to use their power to demand, respectively, new conditions of production or their rightful share of wealth. It puts the strongest stress on cultural authenticity. In this new frame, the working class is not a potential force of government power, since it neither dominates demographically nor in any other sphere; it would either stand apart from government as a reminder of those let down by capitalist economic booms, or it would depend on alliance with other social classes or political forces. At their height, the SSP's options here amounted to broadening its appeal by winning radicals in the trade union movement – the Fire Brigades Union and the RMT, for example – or building bridges with the cross-class, vigorously capitalist SNP and the softer, but decidedly middle class, Scottish Greens through the Scottish Independence Convention. Either form of alliance building, however, risked jeopardising the moral appeal of standing aside from the “establishment” on behalf of the totally-excluded.

The SSP's approach to class also incorporated many older cultural stereotypes. Among these, perhaps most troublingly, was West of Scotland machismo, and this ultimately proved the party's undoing when Sheridan ruined his career and split the party over sex allegations reported in a tabloid newspaper (McCombes, 2011; Gall, 2012). However, besides the obvious implications of the Sheridan case, the SSP arguably failed to confront the whiteness and Protestantism inherited in Scotland's working class traditions. Their troublesome adoption of “civic nationalism” as a framework for understanding Scotland tended to downplay ethnic dominance in Scotland. This proves strategically troublesome

when we consider their focus on the lowest-paid, most dominated sections of Scotland, which undoubtedly include immigrants and women in larger numbers.

As Lindsay Paterson (2002) observes, communitarianism has been an abiding theme in Scottish politics, particularly in the campaign for devolution. In a sense, the SSP simply forms a splinter within this trend. There are clear parallels between how Scotland's new devolution establishment reimagined Scotland as a communitarian democracy, and how the Scottish left reimagined working class agency as being part of the cultural framework of neighbourhoods. At its best, this perspective offered a new openness in class politics that escaped the Labourist tradition of trade union politics. Moreover, if one (tendentiously) considers women, LGBTI* and ethnic minority groups as "communities" in the same fashion, it opens the door for an alternative framing of the working class that moves beyond white male stereotypes. However, at worst, the perspective risks reifying and romanticising a set of negative stereotypes about the long-term unemployed and Glaswegian housing estates.

7.6 Conclusion

This chapter began with the early 1970s, when factory struggles posed the dominant problem of "order" and the major economic anxiety of British capitalism. We traced the lineage of contemporary politics to reactions to that crisis. First, we see the ultimate resolution of that crisis under Thatcher, with heavy policing and military-style planning being used to crush the Miner's Strike. Since then, working class agency has rarely reappeared as an economic or political issue in England. Scotland, however, possesses an alternative legacy that can be traced to UCS. In the peculiarly Scottish approach, militant shop stewards could stand for a general sense of "jeopardy" surrounding the fate of Scotland's economy. The trade unions occupied a central role in Scottish economic debate for this reason, but also faced the sacrifices of leading a coalition of respectability. The "Scottish lobby" successfully built coalitions to defend Scottish industries, but few of these

coalitions secured long-term futures for the jobs they sought to defend. This exhaustion largely led into a united campaign for devolution which would secure a democratic mandate for economic renewal focused on Scotland.

The Poll Tax movement provided a shock to this gradual progression. It created a new imagination of working class agency in Scotland that would influence devolved politics through the Sheridan-led SSP and would later strongly influence the Yes campaign in the 2014 referendum. This trend led away from the traditional socialist and social democratic focus on workplace organisation to embrace community politics. Undoubtedly, this drew intellectually on the “communitarian” middle class radical tradition in Scotland, but its substance has remained working class in its own strictly-defined sense, focusing on council housing estates and cultures of authenticity attached to them. Such perspectives, however, have left unexamined contradictions that continue to plague radical Scottish politics. Not least among the problems is that framing the working class as blighted communities detracts from the traditional value of treating the working class as society’s majority, rather than another minority group. Moreover, the community approach also risks reinforcing cultural stereotypes of welfare dependency, simply inverting the “chav” label and covering it in a heroic gloss. Nor has Scotland’s approach to community politics ever erased the macho approach associated with old fashioned trade unionism. Lastly, one of the lasting successes of neoliberalism remains the effective depoliticisation of work. According to the linguistic structuralist view, a word gains its meaning by its difference from other concepts rather than by any intrinsic quality. The word community, in this sense, often comes to mean “not work”. This raises the question of whether community politics represents a radical alternative to neoliberal politics, or its final victory over the left.

Chapter 8: An Economy of Enterprises:

Devolution and Neoliberalism

8.1 Introduction

The last three chapters dealt with a “crisis of crisis management” (Jessop, 2013: 12) in Scotland as the traditional moral and political rationale for Scottish economic thinking broke down. This chapter charts a new stability to discourses on the Scottish economy that begins in the 1990s and 2000s, centring on 1999 when the new Scottish Parliament was created. A new perspective on economic management emerges with broad support from all mainstream Scottish parties and most development professionals. This sees “enterprise” and “entrepreneurship” as the main problems in Scottish history, and seeks to find the institutional roots of a perceived weakness in Scottish capitalist spirit. It takes a critical stance on a “dependency” on state intervention, even where the individuals presenting the case are themselves technocratic government employees or politicians. Indeed, even the perceived successes of Scottish capitalism – such as inward investment – came under scrutiny for fostering dependency, “branch plant syndrome” and “screwdriver jobs”. A broad cultural-historical perspective emerges, in which Scotland will strengthen itself as a unit by taking responsibility for competing in world markets. Devolution provided an opportunity to frame statehood differently: government would enable responsible citizens to create their own opportunities rather than substituting for that initiative. Interestingly, much of the discourse takes the form of a *national auto-critique*, where (re)opening the Scottish Parliament becomes the occasion for reflecting on the failure of Scotland to achieve a sufficiently vigorous capitalism as measured by the perceived successes of other regional economies.

Clearly, this consensus could present parallels with a Thatcherite “creative destruction” analysis of Scottish economic history. However, to simply state that Scotland had turned

Thatcherite despite its centre-left voting patterns would be wrong. Scotland's approach to enterprise stressed "inclusion" and "partnership"; collective institutions including the trade unions would play their part. Thatcherism, by contrast, was often a punitive and coercive philosophy, in which the strong hand of the state played a violent role in rooting-out collective working class influence across society, at home and abroad.

Some have claimed that Scotland's adaptation to neoliberalism was broadly similar or even identical to the Thatcherite model (Davidson, McCafferty et al., 2010). Other have denied that Scotland ever took a neoliberal turn, and see devolution as Scotland's move in a distinct direction (McCrone, 1992: 125; see also Devine, 2006). Douglas Alexander and Gordon Brown suggest, "Until Mrs Thatcher, the very existence of Scotland's institutions had never been threatened. Devolution, previously desirable, now became essential" (Alexander and Brown, 1999: 8). I believe that a better, holistic perspective on neoliberalism is needed. Scotland's political mainstream undoubtedly moved towards a version of neoliberalism as described, for example, by Foucault, involving the "generalization of the economic form of the market" and "an economy made up of enterprise-units, a society made up of enterprise-units" (Foucault, 2008: 243; 25). However, crucially, Foucault's understanding is purely a theoretical model built around the utopian ideas of the project rather than its practical implementation. Neoliberalism had to confront the alliances built around the old system and had to build its own pragmatic alliances that involved social conservatives alongside market ideologues. I distinguish between "negative" neoliberalism which seeks to uproot or remove groups benefitting from the old welfare order, and "positive" neoliberalism which seeks to integrate outsiders into a new market citizenship.

This perspective allows us to understand what is unique and what is general about Scotland's recent trajectory. Undoubtedly, in Scotland, we see intense, bitter disputes about the economy. But the broad ideal of a society of enterprises is rarely contested. Indeed, this perspective becomes almost synonymous with "economic thinking" as such, certainly to the extent that economics involves a "positive" vision of Scottish self-improvement. Most economic debates concern the *means* of bringing about this ideal. I will trace the origins of

this discourse to the technocratic sphere in the 1990s. I will then show how rival political forces within devolution conducted heated debates within this consensus framework. Last, I will look at how this perspective narrowed discourses of the economy, to the extent that few recognised the importance of the debt economy and finance to driving Scotland's economy.

8.2 Negative and Positive Neoliberalism

This chapter considers the years 1989 to 2007. The dates deliberately start with the triumph of the "New World Order", the "Washington Consensus", and what Fukuyama (2006) saw as the inevitability of Western-style liberal capitalism; and end with the crisis of that order. The marked feature of this period is that "market" solutions, previously regarded as conservative throwbacks against organised capitalism, came to be seen as cutting-edge ideas for reforming government. Indeed, "reform" becomes synonymous with building-in markets and limiting government's role in society. Left-wing critics usually label this phase of capitalism as "neoliberalism". For many mainstream social scientists – and some on the radical left – the term "neoliberalism" is confusing (Boas and Gans-Morse, 2009: 156; Flew, 2012: 45). I believe the term must be applied with limits, emphasising the contradictions and tensions within it rather than suggesting an all-encompassing, closed-off or totalitarian system. In practice, the successes of neoliberalism often involve alliances that seem to contradict its basic philosophies. For example, many successful "market reformers" have built political capital out of homophobia, even though, theoretically, we might expect "freedom in the sexual marketplace" to prevail over big government's role in the private bedroom. Neoliberalism has a flexibility that allows it to adapt to particular social conditions, especially, in its early days, by finding common cause with local conservatives. Crucially, however, these temporary bonds can be broken: just because particular neoliberal politicians rely on homophobia does not make neoliberalism inherently homophobic.

Michel Foucault provides a useful starting point for understanding neoliberalism. His writings predate the political successes of neoliberal politicians, and thus represent a deep

engagement with the writings of neoliberal academics and policy thinkers. Foucault also serves as a useful starting point because he writes with some sympathy towards his subject. He stresses two crucial points about the new philosophy that others often miss. First, the basic unit of neoliberalism is not the self-seeking individual; it neither involves a “law of the jungle” or “cold and mechanical” calculation in social isolation. Instead, neoliberalism takes “enterprises” as the basic units of society.

What is the function of this generalization of the “enterprise” form? On the one hand, of course, it involves extending the economic model of supply and demand and of investment-costs-profit so as to make it a model of social relations and of existence itself, a form of relationship of the individual to himself, time, those around him, the group, and the family. So, it involves extending this economic model. On the other hand, the ordoliberal idea of making the enterprise the universally generalized social model functions in their analysis or programme as a support to what they designate as the reconstruction of a set of what could be called “warm” moral and cultural values which are presented precisely as antithetical to the “cold” mechanism of competition. The enterprise schema involves acting so that the individual, to use the classical and fashionable terminology of their time, is not alienated from his work environment, from the time of his life, from his household, his family, and from the natural environment (Foucault, 2008: 242).

This perspective is crucial in understanding precisely how neoliberalism can insert itself into “non-economic” parts of society. Mass comprehensive schooling, for example, might be unprofitable if left alone to individuals. However, recent reforms to schools like the English “academies” show how governments can intervene to artificially install competition and market principles of supply and demand, empowering even the poorest parents as “consumers”. Rather than seeing schools simply as welfare rights run by local government for citizens, they become enterprises controlled by parents or charities with governments intervening simply to provide funding where it would not otherwise appear. Theoretically,

this even promises a “warmer” model than traditional government services, with greater roles for families and local communities orchestrated through virtual markets.

A second crucial point for Foucault is that neoliberalism is not a return to *laissez faire* liberalism. Neoliberals admit defeat in removing government from all but night-watchman functions. Rather than urging governments to leave the market alone, neoliberalism urges market reformers *not to leave the state alone*. In other words, it involves a principle of “do-not-*laissez faire*”:

The general form of the market becomes an instrument, a tool of discrimination in the debate with the administration. In other words, in classical liberalism the government was called upon to respect the form of the market and *laissez-faire*. Here, *laissez-faire* is turned into a *do-not-laissez-faire* government, in the name of a law of the market which will enable each of its activities to be measured and assessed. *Laissez-faire* is thus turned round, and the market is no longer a principle of government’s self-limitation; it is a principle turned against it. It is a sort of permanent economic tribunal confronting government (Foucault, 2008: 247).

Neoliberalism thus devises new tests for government to ensure that its effects are minimised and constrained to appropriate areas. It looks for new ways to bring markets in as a means to limit “bloated” government. Every government action becomes subject to “filtering” by its ultimate effect on improving the broad health of the enterprise society. However, government itself does not disappear. In a sense, it takes on a more radical function in producing the new fit and flexible individuals ready to engage in the forms of teamwork and self-promotion necessary to build a stronger social order.

While Foucault offers a useful starting point, however, his neat outline does not allow for the messiness of implementing neoliberalism in practice. To bring about the new order, a set

of older alliances, loyalties and interest groups had to be removed where they posed obstacles. Principally, this involved the organised working class and social democratic welfare commitments. With Reagan, Thatcher, Pinochet and many others, neoliberalism came about through a form of emergency government that used coercion against collective groups or individuals who would not conform. It formed alliances with social conservatives principally by setting itself against minority groups. In principle, these messy political realities do not conform to Foucault's model.

I suggest a distinction, then, between "negative" and "positive" neoliberalism. The negative side involves removing the collective working class or minority interests from the ability to gain "privileged", non-market benefit from government. This may involve privatisation, withdrawing government assistance to regions, reducing benefits to groups like single mothers, or outright violence against protestors or strikers. It also includes the ideological war against socialism in domestic and foreign policy. Positive neoliberalism involves building or rebuilding institutions around the principles outlined by Foucault. Essentially, this means (re)constructing society around the enterprise model, and installing civilian "watchdogs" to ensure that government is efficient and targeted. Rather than seeking to punish outsider groups who escape the market, it seeks to entice and assist them to become better market citizens through the principle of "social inclusion". Entrepreneurs emerge as society's "wealth creators". This involves a crucial break with both socialist and social democratic traditions, which stress (to varying degrees) that wealth is created by the working class and expropriated by capital.

Both processes can operate independently, to an extent. We can claim, for example, that Scottish professionals largely rejected the "negative" form of neoliberalism, even when they carried out such policies. A classic case is Scotland's Labour councils who collected the Poll Tax while the party officially opposed the policy in the strongest terms. Negative neoliberalism here appears as something "alien" imposed on "Scotland". Nonetheless, the two processes belong together. Scotland's turn to "positive" neoliberalism built on the

general defeat or marginalisation of institutions that might have resisted such a turn, including the organised working class.

A similar distinction has been made by Davidson (2010), who contrasts “vanguard” with “consolidation” neoliberalism. Radical geographers have likewise separated phases of “roll-back” and “roll-out” neoliberalism (Brenner and Theodore, 2002). By using distinct terms, I aim to capture the popular, bottom-up element of neoliberalism as well as its top-down form. Neoliberalism involved more than a regime of force. It also involved populist and nationalist sides that gained credibility far beyond elite circles, and, indeed, elites often believed they were simply moving in the direction of public opinion. While, for example, many English and Scottish voters rejected Thatcher’s privatisations, some ideas gained mass acceptance, including the ascription of criminal characteristics to groups associated with welfare. Equally, the norm of private responsibility and consumerism gained some public acceptance through home ownership and the mass debt economy. Although the richest 1 percent of Scots gained the most from recent development (Bell and Eiser, 2013: 12), the norms of neoliberalism thus gained currency beyond a privileged few. These norms are crucial to understanding the durability of neoliberal policies after the 2008 crisis. My differences here are essentially those of nuances, but politically these questions are important for devising future strategies that break with decades of consensus.

Neoliberalism involves generalising the market as far as possible. There is an ultimate, utopian goal, projected far off into the distance, where citizens absorb government internally, and become “self-governing” in a market order. However, tactics often take precedence over strategy, with a constant stress on alertness towards government overstepping itself, or minority groups who gain illicit collective advantages through access to government. The main fault-line between centre-left and centre-right under neoliberalism essentially involves a question of means, with centre-left stressing voluntary citizen leadership and centre-right promoting a faster pace of reform through coercion.

8.3 Why No Silicon Valley in Scotland? The Technocratic Discourse of Enterprise

The first signs of a shift in Scotland's economic imaginary emerged before devolution in the technocratic area of Scottish development policy. In 1990, after fifteen years, the SDA was replaced by Scottish Enterprise partly at Margaret Thatcher's instigation. The rebranding, curiously, came after a period of success when SDA enjoyed high prestige for helping soften the worst of unemployment in Scotland. One influential critic charged that, "like many such [radical] changes [in government policy] it commenced with much noise and little that was in any way cerebral" (Hood, 1990: 1). As a result, in retrospect, many "reforms" associated with the "enterprise" rebranding have not lasted. The Tories' main aim was that local businesspeople would outnumber then eventually replace development professionals. Indeed, Tories at first imagined that rival consortia of businesspeople would competitively tender to control local enterprise agency contracts. Gradually, these visions proved unworkable and collapsed. Ironically, the idea of competitive local units, seemingly a typical neoliberal theme, fell victim to the neoliberal principle of cost-cutting efficiency: handing cash to unaccountable local business owners simply proved too expensive (Kerevan, 2003: 38). The other central change, bringing the Training Agency into development policy, has also been dropped. In these senses, we should not exaggerate the importance of the rebranding.

Scottish Enterprise, though, is of lasting importance thanks to its first Chief Executive Crawford Beveridge, who officially endorsed a new way of framing Scotland's economic problem. Beveridge, with a background in America's electronics sector, defined Silicon Valley as the ideal model of economic behaviour, and piloted an influential report on Scotland's "business birth rate" (Scottish Enterprise, 1993) asking what barriers would stop Scotland from emulating it. This framed a new object of intervention and a new role for development policy, where non-market institutions could play a crucial partnership role in promoting citizenship-as-enterprise. It also selected out and defined the Scottish economic problem as a psychological or cultural issue, a lack of individual ambition and a Scottish unwillingness to see themselves leading businesses. Furthermore, Beveridge gave official

approval to suggestions that too much reliance on inward investment would damage Scotland's enterprising spirit. This admission came at a crucial time when the battle to save "Scottish industry" from takeovers and bankruptcies had been lost, and even the SNP had abandoned a pro-Scottish ownership policy. Hence, recreating a class of senior Scottish capitalists would start from the bottom-up rather than top-down. Lastly, the report introduced the theme of enterprise in Scottish history, which would increasingly define a "lost golden age" in Scottish politics, proclaiming the "need to recapture the spirit that made Scotland synonymous with enterprise not so long ago" (Scottish Enterprise, 1993: ii). Thus, Scotland's history became a fall from grace; but a renaissance would occur when Scotland's leaders recaptured the country's capitalist spirit.

The "business birth rate strategy" drew heavily on Beveridge's American experiences. Beveridge started work with Hewlett Packard at South Queensferry in one of Scotland's more successful inward investment plants. He later moved to California, working at the highest corporate levels of Sun Microsystems, before being headhunted for the new role at SE. A critic of Thatcherism, he concedes that his private sector experience landed him the role:

Interview with Crawford Beveridge: "[Thatcher] never liked the SDA, so she really wanted to get rid of it, but she knew that that would be impossible given the culture in Scotland. And so her vision was, get a private sector guy in, have private sector fund it, get it out of government."

By his own admission knowing little about the mechanics of the Scottish economy, public policy, and the media, Beveridge drew his lessons from his perceptions about Silicon Valley. The Business Birth Rate strategy grew out of Beveridge's question to his staff: why can't Silicon Valley happen in Scotland? Several interviewees drew attention to the personal influence of Beveridge on these themes.

Interview with Crawford Beveridge: "The question I asked at the staff meeting was, What would it take for four twenty-six year olds in Scotland to raise the money to start the next Sun [Microsystems]? And everyone just laughed. And I said, No no no, I'm serious. What would it take? Why couldn't you do it here? And they said, well, we don't have that size of market, we're peripheral. But I said, Japan is kind of peripheral, but you're all sitting with Sony tape recorders..."

Interview with Charlie Woods: "One of the things that Crawford did, from working in the electronics industry in the States, came back and said, 'If a bunch of guys can start up Hewlett Packard in a garage in Palo Alto, what's stopping people in Scotland from doing that?'"

Robert Crawford: "The reason enterprise and entrepreneurship became more important in Scotland was of course the continuing decline of manufacturing. But very largely also because of the excellent work initiated by Crawford Beveridge, who came from the United States although a Scot, who was the first chief executive of Scottish Enterprise. He launched...a piece of work which lasted a very long time, well over a year, into the absence of an enterprise culture in Scotland, and sure enough identified that enterprise-entrepreneurship was given low esteem."

Ron Bowtham: "Crawford came from Silicon Valley, that's where he'd been working, he helped set up Sun. And he was just intuitively, he didn't know the statistics and all that stuff, but he intuitively knew that entrepreneurship mattered, and that you couldn't just continue to rely on inward investment."

Eddie Frizzel: "Crawford Beveridge brought with him the knowledge and experience of the US economy, Silicon Valley...The big multinationals that were coming here and setting up manufacturing plants were founded by guys who either were dropouts from university or whatever. Sun Microsystems, Scott McNealy, Dell, Michael Dell, you know...The question was, why can't we have that here?"

Scotland had its "Silicon Glen", but this drew criticism for bringing assembly work in branch plants with little Scottish intellectual or creative input. In a sense, the Glen model

stood directly opposed to the Valley model: one grew, according to received wisdom, from start-ups led by college drop-outs, while the other relied on foreign investments secured by highly-educated public sector professionals.

After a long period of consultation, the *Business Birth Rate* strategy appeared in a document from Scottish Enterprise. In the foreword, Beveridge argued that it was “not a Strategy for Scottish Enterprise, but a Strategy for Scotland” (Scottish Enterprise, 1993: ii). Beveridge called for a restoration of capitalist spirit as the solution to Scotland’s problems, arguing that “The best way of achieving this is for more of us to adopt the ‘can do’ attitude of the entrepreneur” (1993: ii). The report called for a society in which “more positive support [should be] given to entrepreneurs at all levels” and for “greater commitment to change within society... [involving] the widest possible spectrum of organisations and individuals throughout Scottish society” (Scottish Enterprise, 1993: 2-3). A particular emphasis was psychology: the first bullet point in its “Principles” section insists, “The strategy must focus on the national ‘mind-set’” (1993: 4). A link was made between personal psychology and national psychology: “Two important working assumptions behind the strategy are that *individual action can make a difference*, and that *change starts with yourself*” (1993: 4; emphasis in original). The main conclusion was that grassroots Scots were themselves keen on enterprise, but insufficient enthusiasm among elites was holding them back. One heading, in capital letters, reads, “SCOTLAND’S POOR ATTITUDES TO ENTREPRENEURSHIP ARE PARTICULARLY STRONG WITHIN THE ‘ESTABLISHMENT’” (Scottish Enterprise, 1993: 31).

The business birth rate strategy marked the official beginning of several important shifts in Scottish development policy. First, there was less emphasis on “hard” promotion, the use of direct incentives such as lower taxes or subsidies, and more on “soft” promotion. This involved changing what Scottish Enterprise called the “societal paradigm” of enterprise, building a national consensus behind entrepreneurship that would reach through every institution. SE spelt out the need for “greater commitment to the need to develop ‘winners’, based on the assumption that much can be done to make entrepreneurs” (Scottish

Enterprise, 1993: 3). This view would fundamentally influence Scottish devolution. After all, most “hard” economic powers, particularly in key Scottish industries like energy and finance, remained reserved in London. Therefore, Holyrood’s enterprise strategy inevitably involved building an institutional consensus through education and alliance-building, using business language (“customers”, “focus”) and broadly being “open for business”. Interestingly, Jack McConnell and Wendy Alexander, two early Scottish Labour leaders after devolution, came from backgrounds in public relations and management consultancy, respectively (Hassan and Shaw, 2012: 100; Moss, 2008). Undoubtedly, the “soft” entrepreneurial focus only intensified under the SNP, with the emergence of government-backed peer-to-peer enterprise networks like Entrepreneurial Spark and the Entrepreneurial Exchange (Levie and Hunter, 2012: 3). Second, the earlier periods of large-scale unemployment had focused on what politicians and professionals could do to bring jobs to hard-hit communities, largely through inward investment, a top-down strategy. The new rhetoric focused on personal responsibility and enterprising citizens, a bottom-up approach, rhetorically at least. Third, professionals and politicians came to stress national psychology, “long-term change” in the national “mind-set” (Scottish Enterprise, 1993: 4). Increasingly, a conclusion emerged that political elites attached to state institutions were suppressing ambition from below. This focus on attitudes contrasted to an earlier focus on “structure” as the main factor in Scotland’s comparatively slow growth.

That consensus reflected perceptions about how successful “model economies” were growing elsewhere. The SNP’s enthusiasm for the “Celtic Tiger” and “Arc of Prosperity” models is well-publicised. But a broader fixation with Silicon Valley (and, to a lesser extent, Baden-Württemberg and Third Italy) traverses the whole of Scottish public policy and politics. To excite Scottish development professionals with his project, Crawford Beveridge asked them to write down all the reasons Scotland could not become the next Silicon Valley. The latter – as popularly conceived – thus formed the development ideal against which Scotland should measure itself. During interviews for this research, professionals often highlighted Silicon Valley, and expressed views on what made it successful. For example, Andrew Goudie, a senior economic advisor to successive devolved governments, noted

beliefs that in Silicon Valley “your proverbial taxi driver is interested in starting up a company” (interview). Also, in that region, “learning...from failure...[is] a huge virtue, which is 180 degrees from this country [Scotland]” (interview). In fact, mostly the topic of Silicon Valley came up without prompting. Not everyone shared Beveridge’s enthusiasm. Many wished to stress geographical and social limits on Scotland, and sought to dismiss claims that Scotland could emulate it. Nonetheless, these negative references also prove that the discourse had spread widely in policy circles.

In 2000, Scottish Enterprise reviewed their business birth rate strategy and found that since the initial report mentions of the words “entrepreneur” and its derivatives had increased markedly in the Scottish media (McVey, 2000). This testifies to some ideological success. Of course, many individuals complain that politicians, professionals and “elites” still lack sufficient enthusiasm for or experience of enterprise. For example, in a 2010 report for Strathclyde Business School’s Global Entrepreneurship project, Sir Tom Hunter complains that politicians are unwilling to push enterprise policy further into schools (Levie and Hunter, 2010: 3). However, these complaints should be judged against the outline of neoliberalism offered. Foucault stressed, for instance, how neoliberals sought not to remove the state, but to act as civilian watchdogs to ensure that government policy would be better-aligned with market objectives. Persistent complaints about Scotland’s lack of entrepreneurial zeal are therefore crucial evidence of neoliberalism. “Model economies” like Silicon Valley and Ireland act as practical yardsticks allowing for a measurable approach about Scotland’s progress to the entrepreneurial ideal. The concepts allow for a constantly vigilant approach to government practices which may “crowd out” private sector ambition, and for the seeking out of opportunities to bring markets in.

8.4 Devolution: Building a Smart, Successful Scotland

Devolution allowed New Labour what was, historically, a unique luxury: a democratic mandate to outline a plan for administering the Scottish economy. Peat et al observe, “The

country's first Parliament for nearly 300 years came into being at Holyrood, Edinburgh, in 1999, potentially providing a focus for economic and industrial development and policy which had been absent hitherto" (2002: 1). This brought the technocratic side of Scottish development policy under political control. Scotland's new Executive sought to conceptualise their thinking in two key documents: *The Way Forward: Framework for Economic Development in Scotland* (Scottish Executive, 2000) and *Smart Successful Scotland* (Scottish Executive, 2001). The former was New Labour's overarching approach to economic development in Scotland, while the latter addressed the tasks of the enterprise networks. By contrast with earlier eras, these documents are sweeping. However, they are also interesting because, in their account of Scotland's economy in a sweeping sense, their gaps highlight implicit choices about what makes up the Scottish economy.

Labour's thinking drew on similar challenges to the business birth rate strategy, namely developing a bottom-up approach to adapting to "globalisation". This involved a major shift, and the partial abandonment of earlier strategies, as nationalist historian Christopher Harvie observed: "the notion that if you build up multinational manufacturing in a specific area – say 'Silicon Glen' – this will reach a 'critical mass' level where it attracts to itself high-value-added research and development and managerial sectors, is false" (Harvie, 1992: 96). The Executive's "smart successful Scotland" strategy explicitly drew on these challenges. As Kerevan notes,

The strategy was to downgrade the old policy of subsidising foreign firms to set up screwdriver plants, and switch the emphasis and cash to creating jobs from local industrial research. This, with a bit of reference to e-commerce and exploiting expatriate Scots business executives, was labelled "smart, successful Scotland" (2003: 9).

Wendy Alexander's ministerial foreword to *Smart Successful Scotland* outlines this shift in plain terms:

[Previously], the most important challenges in the international economy were to win manufacturing inward investment and support new exporters. Now, that is too limiting a way to look at our place in the global marketplace. If Scotland aspires to be the most globally connected nation in Europe, either we look outward and win, or we look inward and fail...Our economic success depends on the people of Scotland, their creativity and enterprise. Too often in the past a lack of self-belief has held us back and economic change has needlessly become social misery (Scottish Executive, 2001: 2-3).

Enterprise here is a project conducted by the whole nation, under the auspices of the powers of devolution. It incorporated working class labour as project partners, with partial trade union support, with ambitions towards “lifelong learning” and “flexibility” which would replace the earlier welfare culture of cradle-to-grave rights. Although the report emphasises that “it is businesses and people, not governments, which lead productivity growth”, government still has a role, “to tackle barriers to competitiveness and improved productivity” (2001: 5). Government intervention remains necessary in removing barriers to the ideal of an entrepreneurial society. The report conceives the new entrepreneurial subjectivity in rather broad terms, to include the whole nation:

Entrepreneurs are important creative catalysts who generate prosperity by growing new products, new ways of doing things or new markets. Entrepreneurship is not simply for the established and the educated, but for everyone. If an idea will make a living, let alone a fortune, it should be encouraged (2001: 5).

Ideas make livings, and entrepreneurs are people with ideas. Although *Smart Successful Scotland* unmistakably reflects the era of light-touch government, it is nonetheless, equally unmistakably, a national project. There is no collapse into the outright individualism of firms and consumers, as in neoclassical economics. Government plays a creative and

catalytic role, building consensus around the desirability of change and innovation, and working to involve outsiders in the project. This ideal does, however, critique earlier forms of national identity, where “too often in the past a lack of self-belief has held us back and economic change has needlessly become social misery” (2001: 3). Self-belief, at simultaneously a national and an individual level, becomes an explicit government goal and tool of policy.

Alexander’s foreword poses a choice: “either we look outward and win, or we look inward and fail” (Scottish Executive, 2001: 2). What she means, as explored below, is that Scotland must stop blaming “Britain”, “Thatcher”, and other external enemies for its problems. However, the relationship is more complex than it first appears, since Alexander’s emphasis is often noticeably inward: Scots must turn to psychological explanations to explain their economic failings. So the perspective could be reversed. In some respects, Alexander is really calling for a new *introversion*: where previously Scotland had sought structural change by bringing factories from elsewhere to Scotland, now we turn to the psychological barriers to enterprise, within the nation and within the individual. This shift to explaining social problems as woes of the psyche had become a key element of Scottish thinking in general. Carol Craig’s widely-cited book, *The Scots’ Crisis of Confidence*, put many of these assumptions into words (Craig, 2003). In a chapter called “The Enterprise Problem”, Craig explicitly links Scotland’s low self-esteem to its economic problems:

research published in 2000...shows that...Scots are more jealous of other people’s success than the citizens of any other small nation. This study also shows that three quarters of Scots believe that everyone should have the same standard of living regardless of effort, skill or risk. It is these types of attitudes which may well underlie Scotland’s low business birth rate. And GEM [Global Entrepreneurship Monitor] repeatedly shows that while the prevailing business climate in Scotland should be “reasonably good” for starting a business, Scotland’s entrepreneurial performance is poor (Craig, 2003: 196).

This new focus on psyche as the key to (under) development clearly recalls classic themes in sociology, most notably (in a somewhat narrow form) Weber's idea of capitalist spirit, but also Schumpeterian ideas that link destructive crises to innovation. "Spiritual" themes of this sort abound in Scottish thinking of the time. Pre-war Scottish capitalism and its buccaneering spirit became newly idealised. Such ideas were not just right-wing reaction, they stamped centre-left thinking, even though Scottish Labour's early history and its rise to power drew on the huge social and environmental catastrophe of pre-war urban Scotland. Devolution thus involves two overlapping but conflicting narratives. In one, we have the march of Scotland's progressive Labour movement to apparently permanent government power, culminating in 1999. However, a parallel story laments the end of Scotland's enterprise culture, and here, post-1930s Scotland becomes a fallen landscape, its welfare systems riddled with problems of "dependency". Earlier solutions to this problem, like inward investment, where government had brought the most advanced private industries to Scotland, were being recast as part of the problem. Such go-to mechanisms began to be seen as weakening the population's resolve to become flexible enough to adapt to change. Government here is cast in a reflexive (Beck, Giddens et al., 1994) role: its agency is necessary to correct the psychology of over-government inherited from the past.

The Devolved vision of Scotland's economy was thus not neoliberal in the crudely stereotyped "negative" sense, but in a subtler "positive" sense. Nonetheless, much of the rhetoric still tended towards small government and the virtues of endless competition: this quote from ex-First Minister (then Minister for Enterprise and Lifelong Learning) Henry McLeish, for example:

[W]e need to face the challenge of continually seeking a competitive edge over our competitors. This edge comes from the effectiveness of enterprises themselves in developing new and existing products and in undertaking the critical research and development that underpins this effort. It also depends on enterprises being sharp

and adaptive in anticipating change and, indeed, leading the change themselves (Scottish Executive, 2000: vi).

The Framework for Economic Development insists that, “The take over of Scottish enterprises is a *natural process* of corporate governance that is outwith the control of Government” (Scottish Executive, 2000: 7). Such “naturalising” rhetoric explains a great deal about how the centre-left resigned itself to a hostile economic and social environment by recasting the role of government in the economy. Traditionally “Keynesian” government levers at the scale of nation statehood – fiscal and monetary policy, regional policy, monopolies policy, protected markets – were considered hostile to laws of nature. The activities of private companies, including takeovers of what might be seen as nationally sensitive businesses, were now, in the government’s own terms, “natural processes”. However, government intervention in areas outside “the economy” as previously conceived – education and culture – could help boost economic growth, which in turn achieves social objectives. National culture and institutions thus takes on greater importance. They become open to critical oversight where their activities are failing to boost entrepreneurship and growth in the economy; and they can be measured and improved on these grounds.

Thus, the goal is not simply to proscribe areas of government intrusion. Instead, there is a focus on applying government intervention to areas which need systematic improvement to improve market efficiency. From a sociological perspective, this recognises that individual freedom is not simply a primitive, instinctive and “natural” domain needing protection from government. Individual freedom may be an effect of government. As Dardot and Laval have expressed, “It is too often forgotten that neo-liberalism seeks not so much the ‘retreat’ of the state, and an expansion of the spaces of capital accumulation, as the transformation of state action by making the state itself a sphere governed by rules of competition and subject to efficiency constraints similar to those experienced by private enterprises” (Dardot and Laval, 2014).

Scottish leaders, who had risen to prominence by opposing Thatcher's policies, were sometimes forced to confront their new relationship to her legacy. Noticeably, both SNP and Labour leaders framed this consensus in the same terms, by contrasting the "economic" – or enterprise – with the "social". They both present the centre-left agenda in strikingly similar ways, as shown below:

Gordon Brown and Douglas Alexander: "What [Scots] found unacceptable about Thatcherite Britain was not its commitment to enterprise – that would indeed have been strange from the country of James Watt and Andrew Carnegie – but its lack of commitment to social justice" (Alexander and Brown, 1999: 7).

Alex Salmond: "I have tried to bring the SNP into the mainstream of Scotland. We have a very competitive economic agenda. Many business people have warmed towards the SNP. We need a competitive edge, a competitive advantage - get on with it, get things done, speed up decision making, reduce bureaucracy. The SNP has a strong social conscience, which is very Scottish in itself. One of the reasons Scotland didn't take to Lady Thatcher was because of that. We didn't mind the economic side so much. But we didn't like the social side at all" (Dale, 2008).

These reflect familiar Third Way themes of social inclusion and "achieving social democratic goals" within the constraints of a global market. But given the "natural" nature of the market, what precisely is government's constructive role? Alexander and Brown's pamphlet explains precisely how this relates to devolution. "The Devolution plan rightly places in the hands of the Scottish Parliament those key drivers of supply side policy - training and education, business and regional development, Scottish enterprise itself - that are so fundamental to jobs, and future economic success" (Alexander and Brown, 1999: 11). Clearly, these levers are relatively weak compared with the Keynesian tradition of national economies. However, "the legislation for the Parliament's powers set out to advance the well-being of Scottish people, not in the sheltered economies which gave rise to the old nation states of the past, but *in the new global economy with its multilayered institutions*"

(Alexander and Brown, 1999: 11-2; my italics). With sovereign powers now cut short by the “natural” forces of the market, devolution has thus achieved for Scotland all the effective powers of a nation state. As European economies moved towards the Eurozone, and nations worldwide to binding trade and financial agreements that curbed the role of government, Scotland was arguably as sovereign as anywhere else. The state’s role in the economy was not diminishing. But its directive role in the post-war sense undoubtedly was, and instead, the state’s relation to the economy was a catalytic one, promoting an enterprise culture among its citizens, while competing to offer perks to larger companies. This explains why Scottish Labour could argue, against Scottish nationalists, that Scotland already has the “best of both worlds” economically: all the effective powers of a nation with none of the risks.

8.5 A Tartan Tiger: The Nationalist Critique

Here, I will examine the SNP’s response to this new discourse, since after devolution they had become Scotland’s main opposition political force. This was arguably a first, since while Labour had unambiguously gained most Scottish seats since the 1950s, they had only fitfully governed Scotland, Scottish Office control having rested with the party with a Westminster majority. Even as Scotland’s Tory vote fell to historic lows, Scotland had often been run by Conservative Secretaries of State. In terms of effective power, the Tories thus formed Labour’s real opponents until 1999. Devolution explicitly made the SNP the main rival for government power. Outright Scottish nationalism gained new space to shape the economic debate. They had to prove that Labour was wrong, and that Scotland needed extra “powers” to improve its economic performance. Increasingly, they drew on economic models of small, lightly-regulated European states to show how full sovereignty within Europe could make Scotland more competitive. In particular, they drew on the Irish model and the “Arc of Prosperity”, the set of northern European economies with low *corporate* taxes. This vision is doubly crucial here. First, it shows how an opposition force framed itself as a more advanced form of the neoliberal consensus. Nationalists also “naturalised” the global economy, and their policy amounted to “letting it rip” more intensely. Second, the

nationalist vision of model economies forced Labour to paint their view of Scotland's economic place in the world.

The SNP's enthusiasm for the Irish model long predated devolution. In 1996 column for the *Herald*, Alex Salmond outlined the essence of Ireland's appeal:

Ireland has only one striking difference from Scotland: it is no longer ruled from London. With the advantage of full independent membership of the European Union it has used that membership to attract resources and invest in the future. And it has used its sovereignty to develop and apply policies that first of all benefit its own people and its own country.

Most of all it has been able to control its own taxation policies, matching them to the international demands of business and adjusting them as circumstances demand. As one journalist recently put it when examining inward investment and Labour's devolution plans: "Ireland has one distinct advantage over Scotland: a rate of corporation tax pegged at 10% which allows inward investors to repatriate a larger share of profits. The power to redress that fiscal handicap lies, and would continue to lie, with Westminster."

There lies the difference between the status quo, devolution, and independence. Power is the difference - power that can create jobs and prosperity (Salmond, 1996: 16; my italics).

This argument would remain essentially unchanged under after 2008, and arguably well into the independence referendum of 2014. It would supersede the earlier oil-based nationalist economics to become the main nationalist case for greater sovereignty. In a 2003 speech in his capacity as Visiting Professor at the University of Strathclyde, Salmond expresses strong support for New Labour's broad agenda of flexible working and lifelong

learning. However, he claims that such policies will not succeed unless Scotland “finds a competitive edge”:

If you educate people but do not have a sufficiently competitive economy in which they can employ their skills, they will either be underemployed (which benefits no one) or they will take their skills somewhere else. In other words you might create smart successful Scots but not a smart successful Scotland. In order to be nationally successful Scotland has to find a competitive edge...we should substantially lower corporation tax. Low corporation tax would draw businesses - especially much needed decision-making centres- to Scotland. The likely net result of this reduction would be to INCREASE [emphasis in the original] overall corporation tax revenues. The reason is simple: the government would collect less tax from each individual company, but would be collecting that tax from more companies overall - exactly the policy already successfully pursued by Ireland, Sweden and Finland (SNP, 2003a).

Salmond also returns to themes of external control and Scotland’s branch plant economy, claiming to have simplified the problem and found an easy solution:

Halting the headquarters drain from Scotland has pre-occupied Scottish politicians and economists for half a century or more and yet policy with the exception of one single (but vital) MMC intervention to save the Royal Bank of Scotland from itself in 1981 actually policy has obsessed with jobs and ignored headquarters. And yet the solution is obvious - provide a market reason for cost centres and decision makers – as opposed to branch plants – to locate in Scotland and let it rip (SNP, 2003a).

The corporate tax-cuts policy acted as a panacea: it would allow Scotland to spend more money tackling poverty, since tax revenues would “INCREASE”. It would return large headquartered companies to Scotland, or at least provide replacements for them.

Undoubtedly, Salmond's logic depended on some ideas borrowed from the economics of Arthur Laffer that seemed extreme even to right-wingers in America. But the interesting feature here is how confidently Salmond asserts the symbiosis between "competitive" engineering and social democratic aims. He does not feel the need to examine contradictions or balance between priorities: the problem has been solved – simply "let it rip". Here, the national interest and the interest of global corporations could never possibly contradict one another.

Salmond sought to combine this enthusiasm for corporate tax cuts with his Scandinavian sympathies for public sector spending. He favoured low taxes for businesses but not for individuals. "Art Laffer's famous curve is alive and well, but for business rather than personal taxation," Salmond argued (Hassan, 2014a: 25). The 1999 SNP manifesto even condemns tax cuts: "Tax cuts, rather than public services, are New Labour's priority" (SNP, 1999: 2). The same document also acclaims (corporate) tax cuts, under independence, on Lafferist principles: "Austria, Ireland and Sweden - all small European countries...have reduced the rate of corporation tax substantially and increased revenues as a result of developing more high value added operations" (SNP, 1999: 12). Of these two commitments, Salmond suffered most for his proposals for higher personal taxes. The SNP removed Salmond as leader after his "a penny for Scotland" slogan was blamed for their poor performance in elections.

Under John Swinney, and again under Salmond, the SNP concentrated on sharpening their business appeal. The 2003 manifesto clearly states, "The SNP will not increase income tax", and, moreover, "with Independence, we will cut the taxes on growth [i.e. corporation tax] and increase our competitiveness compared to our competitor nations and regions, particularly the south east of England" (SNP, 2003b: 4). Their promise of low-tax, efficient governance won business supporters from across Scotland, many having lost confidence in Labour. The SNP argued that boosting businesses would create better growth to overcome the unionist claims of a Scottish "fiscal deficit". As Salmond explained,

Growth was all but ignored by the Scottish Executive until the SNP's Andrew Wilson MSP and Jim Mather took their arguments to business people in Scotland...It is growth that counts in economics. For example let us assume that Scotland is in regular fiscal surplus but that an independent Scotland achieved the extraordinary feat of growing less fast than Scotland within the Union. In that case the immediate surplus would be quickly squandered (Salmond, 2003: 3).

Thanks to the proselytising of Wilson and Mather, even arch-unionists like Sir David Murray were endorsing the Salmond message by 2007. Having gained (minority) government, their *Economic Strategy* formalised the idea that all sectors of government should measure themselves by their effect on growth: "Sustainable economic growth is the one central Purpose to which all else in government is directed and contributes" (Scottish Government, 2007: v). The precise meaning of "sustainable" in this formula is unclear, as chapter 9 examines. However, the SNP almost never admit any trade-offs between growth and social equality, or growth and the environment.

The major official economic criticisms of the devolution consensus came from the fiscally conservative right. Reflecting the SNP's ideological heterogeneity, there were some outright neoliberals calling for the total roll-back of the Scottish state, even on the party's frontbench. The most notable case is Michael Russell's book (co-written with Dennis MacLeod) *Grasping the Thistle*. The book claims that Scotland is lagging economically because of "government interference" and "state socialism" (MacLeod and Russell, 2006: 122), and suggests sweeping cuts to the public sector.⁷ Their vision conforms to a more stereotyped idea of neoliberalism, outlining the benefits of (very) limited government and a sharply-curtailed welfare state.

⁷ Curiously, they refute their own explanation of Scotland's economic problems halfway through the book, by admitting that Scotland's government is not abnormally large.

Like more mainstream devolution imaginaries, Russell highlights Scotland's failings by drawing on international models. Labourist and official critiques usually cite the virtues of Silicon Valley. For example, Wendy Alexander's co-edited publication, *New Wealth for Old Nations: Scotland's Economic Prospects* (Coyle, Alexander et al., 2006), presents itself as a guide to Scotland in globalisation, but focuses overwhelmingly on Anglo-America. Only one author refers to China and India, for example, and only on one occasion. The official SNP vision, endorsed in their first period in government, draws on small European economies. This allows them to present a truly national vision, free of all conflicts, by calling for expanded welfare and lower taxes and flatly refusing to admit any contradiction between them. Russell and MacLeod's critique of Scotland's weak enterprise goes further, though, suggesting deeper institutional problems and proposing more extreme models as solutions. Specifically, they cite the "new buccaneers from the East", India and China, which are enjoying growth, they claim, because they have "the most potent of wealth creators – small government", with state spending under 20 percent of GDP (MacLeod and Russell, 2006: 94). This involves some wildly optimistic assessments of capitalist economies: "*all of humanity* is presently experiencing the greatest improvement in their collective welfare that the planet has ever witnessed" (MacLeod and Russell, 2006: 91; my italics). As with other Holyrood discourses, though, they stress a psychological barrier in Scotland that impedes full participation in this boundless universe: "[Scotland's brand of] capitalism [is] hedged with so many caveats and restraints that it sometimes looks as if it is merely tolerated by the governing classes" (MacLeod and Russell, 2006: 92). Again, frustration with Scotland's performance is registered next to the imagined models elsewhere, and in turn they credit this to psychological problems specific to Scotland (or to Scotland's governing elites).

Thus despite the severe rhetoric of Russell's book, it simply takes the SNP's case to its logical limit: more sovereignty, more "powers", is a means to unleash Scotland's potential by setting the private enterprise free. They follow this through, however, to present "big government" as the true problem in Scotland, with the British state simply a symptom of that malaise. Official SNP statements would sometimes mirror these negative neoliberal ideas. "Without addressing significant market failures or legitimate equity concerns,

government action risks crowding out private sector activity or creating new sources of inefficiency or inequity”, argued the 2007 economic strategy (Scottish Government, 2007: 4). However, while the call for more powers to reduce taxes essentially became the main area of nationalist critique of the Union, they usually presented this as a means to greater public spending. The case of business tax cuts proved, for Scottish nationalist leaders, that devolution was an incomplete project. Nation states elsewhere had “more powers” which gave them competitive advantages over Scotland.

8.6 Wendy Alexander on the Tartan Tiger and the National Psyche

As Holyrood Minister for Enterprise and Lifelong Learning, Wendy Alexander piloted many of Labour’s enterprise-promotion schemes, including the two mentioned above, the *Economic Framework* and *Smart Successful Scotland*. Interestingly, Alexander also tackled the SNP’s rival vision directly, taking on the explicit question of the “Celtic Tiger” model in a pamphlet for the Smith Institute entitled *Chasing the Tartan Tiger* (Alexander, 2003). The pamphlet is notable for its confidence and ambition, reflecting the era’s enthusiasm for “globalisation” and sharing the SNP’s belief that capitalistic growth came with no social costs. However, it goes beyond rejecting the SNP’s vision, sketching out instead a rival outline of Scotland’s economy and its future success. Her analysis does not question the argument about lowering corporation taxation, nor does it question the Celtic Tiger’s virtues. Indeed, “economics” per se plays a limited role in the pamphlet. Alexander’s focus is instead on the psychology, “national psyche”, or even “self-confidence” that fosters growth. She claims that the absence of national (and personal) esteem leads to a “victim mentality”, which in turn hinders the economy. Like Michael Russell’s book mentioned above, the pamphlet offers a rare case of a Holyrood politician outlining a theoretical vision of how economic growth is generated.

Alexander’s views on development are overwhelmingly spiritual rather than structural. In this sense, they depart from generations of mainstream economic thinking in Scotland which

had emphasised the roots of Scotland's decline in overdevelopment of the heavy industries rooted in imperial markets. It should be emphasised, of course, that such traditional views had reached their limits when Scotland's economic structure moved into equality with England's. Nonetheless, Alexander takes an essentially voluntarist view that highlights political attitudes as the cause of Scotland's perceived "lagging performance":

In Ireland it was the politics of change that made the economics of change possible. A critical element was a change in her psyche; a new spirit, which became more and more positive as the "victim culture" receded...(2003: 5)

I see the recent rise in Irish self-confidence as linked to a retreat from the traditional "victim mentality" and moving beyond a preoccupation with relations with the UK (2003: 4).

In understanding what happened in Ireland [i.e. its economic takeoff] I argue here that something more intangible played a crucial role in the country's success: her changing psyche. Take-off in Ireland not merely came about [sic] as a result of policy change, or indeed policy continuity, but was profoundly shaped by an emergent new national psyche. I used the word psyche to denote a worldview, an outlook, an attitude, or a mindset (2003: 12).

Alexander also stresses the converse: economic success can reinforce psychological change. "Economic success [in Ireland] has certainly fuelled change. What changed was the Irish psyche or mindset. Such change, when it comes, can be rapid" (2003: 79). The argument that a psychology of defeatism and negativity could itself account for significant social problems was widespread in Scotland at the time. Alexander summarised the main practical lessons from Ireland for Scotland:

Three critical Irish lessons emerge:

- Self-belief matters;

- Economic goals temporarily take precedence;
 - Place consensus-building on the economy above domestic division
- (Alexander, 2003: 6).

The idea that confidence is a major factor in economic growth is not new, nor does it necessarily imply right-wing conclusions, since Keynes' economics depends to a large extent on a psychological idea of confidence ("animal spirits"). Here, confidence in the national unit promotes confidence in the individual to invest. Equally, Alexander's emphasis on "spirit" recalls a narrow idea of Max Weber, possibly deliberately. However, Alexander's views are clearly not Keynesian, since she is precisely arguing that Scotland *does not need* classically Keynesian "powers" (fiscal and monetary policy, taxation rates, government direction) to succeed. Equally, compared to Weber's pessimism, Alexander adopts an almost cavalier optimism, not simply in arguing that spirit can overcome structure, but also in arguing that "spirit" will easily improve if political "division" is overcome:

Ireland went from the self-pity satirised as "MOPE – most oppressed people on earth" syndrome to promoting the hibernisation of all cultures; across the world it became "cool" to be Irish...Scotland needs to develop greater self-belief, harnessing her own Celtic melancholy and transcending both Scots "wha hae" and "I kent his faither" attitudes. Scottish self-esteem is there to be recovered and the foundations have been laid (Alexander, 2003: 6).

Thus, devolution's purpose is a spiritual one in reawakening national self-confidence which will in turn awaken personal ambition in individuals. Political conflict becomes the crucial variable since it inhibits both personal and "national" responsibility. Thus, Scottish nationalism stands as the polar opposite of what Alexander sees as the useful conservatism of the Irish model, where generations of radical conflict had been abandoned for consensus. Indeed, nationalism, whether Irish or Scottish, becomes the overwhelming barrier to economic growth. We can recognise here a fairly classic instance of a hegemonic

strategy, designed to paint all political alternatives (“conflict”) as endangering the economy (“consensus”). Similar strategies occur in any successful and enduring political regime. What sets this apart is the overwhelming confidence in the surrounding neoliberal economies, ideals against which Scotland’s failures are assessed.

Both Alexander and the SNP, then, share the most crucial premise: that Ireland had discovered the formula for everlasting economic growth free from political conflict. The corruption, greed and inequality that formed part of Ireland’s “national psyche” in that era, later sharply criticised post-2008 by leading Irish journalists like Fintan O’Toole (Pope, O’Toole et al., 2009), never materialises in either analysis. Similarly, the longstanding weaknesses of its capitalist model (Allen and O’Boyle, 2013) are simply framed out. Scottish politics thus accepted what the Irish academic Peadar Kirby calls the “dominant reading” of the Celtic Tiger, “an interpretation based on neoclassical economics became widely accepted, celebrating the free market and dismissing the role of the state and public policy” (Kirby, 2010: 71). Or more specifically, the state and public policy play a purely spiritual role in promoting a society of enterprises driven by self-belief.

Nonetheless, the disagreements over the Celtic Tiger are interesting because they highlight how severe and even vicious intellectual and ideological debates can occur within a tight implicit consensus. Indeed, the intensity of debate helps to reinforce the shared premises. Besides the faith in Ireland’s economic model, both nationalists and Labour are agreed upon the first-order importance of national psychology and the spirit of capitalism. The intensity of that spirit becomes the principle factor lying behind the economy but also, more broadly, behind happiness and the success of public services. Their theoretical disagreement described here simply concerns the best means of mobilising the optimistic attitudes that strengthen society.

8.7 Negative Neoliberalism under Devolution: Think Tank Critiques and Roll-Back Perspectives

Despite the new opportunities of Holyrood's proportional election system, the centre-right vote in Scotland did not recover in Holyrood, never remotely nearing a challenge for executive power. However, the framework of "roll-back" neoliberalism did gain notable success in broader society. One important piece of evidence is the proliferation of think tanks that surrounded Holyrood after devolution (Pautz, 2005). Many took a "modernising" approach in line with Third Way thinking, but some of the most prominent, like the David Hume Institute and the Policy Institute, were more avowedly interested in reducing the size of the state. One of their main activities was to produce reports highlighting opportunities for curbing government. A particular focus in the early years of devolution was Scottish Water, with both right-wing and Third Way (Armstrong, McLaren et al., 2010) think tanks recommending privatisation. Although such think tanks were non-partisan in the technical sense, many members of staff and leaders were former Conservative Party politicians or candidates.

The Policy Institute, as one example, made a series of recommendations for curtailing government influence, many of them recalling the ideas of the American right. These included partial privatisation of the NHS (Bowditch, Gregor et al., 2007), flat taxes (Chown, 2005), a voucher system for schools (Gerstenberg, 2004), and selling Scottish Water. The Institute's pro-business agenda attracted patronage from all the political parties, with Labour's John McTernan among the participants in their forums. Equally, the few centre-left (or rather, Third Way) think tanks opened in Scotland happily took money from large businesses: the Scottish Council Foundation, for instance, included Boots, British Energy, BP, British Telecom, Diageo, Pfizer and Shell among its principal sponsors. To develop a centre-right foothold, in a time when the dominant centre-left had embraced the enterprise vision, they concentrated on the claim of Scotland being over-governed post-devolution. In a key report on *The Political Economy of Devolution*, Professors Sir Donald MacKay and David Bell argued:

Devolution was based on the premise that more government would be good for Scotland. Quite why this was so is a mystery, as pre-devolution Scotland was already one of the most over-governed areas of Western Europe. And, since devolution, we have certainly had more government – more professional politicians with expense accounts and expensive buildings, more government press officers, special advisers and civil servants, more quangos, tsars, commissioners and more local government employees, accompanied by an unending stream of consultations, discussion papers, policy initiatives and the like, whose quality has been in inverse proportion to the costs of the exercise. All this was widely predicted and it has come to pass (MacKay and Bell, 2006: 5).

The David Hume Institute produced a similar, if slightly more nuanced, view of “crowding out” in Scotland:

While there is evidence of crowding out and a negative impact on economic growth, this is not to say that a reduction in public sector spending and employment is necessarily the best way ahead. Public spending and investment is often aimed at delivering high quality public services and to deliver social justice and equity objectives. In these areas, it might be acceptable to trade-off some private sector activity to achieve social objectives. However, the trade-off between private sector activity and public sector growth needs to be acknowledged (Marsh and Zuleeg, 2006: 29).

To some extent, the moderate policy-oriented centre-right have shifted ground. The Policy Institute, with its overt “anti-government” agenda, has been replaced by Reform Scotland, a group that, though favouring market reform, does so from a softer pro-devolution angle. They are far less concerned with traditional rightist Scottish calls for “a bonfire of the QUANGOs”. This is partly because many pro-business people, including many interviewees

in this research, privately admit that the SNP now offers the most stable pro-business, lean government agenda possible. During interview, Reform Scotland's director, Geoff Maudsley, an ex-Tory candidate, preferred to portray his politics as "liberal" and his principles as localist. He admitted that Thatcherism "felt like an alien tradition" in Scotland: "Within a very centralised culture, London dominated, as it then was, it's very difficult to see how it could be perceived as anything other than being imposed". Their website currently makes little of the explicit need to curb government spending or reduce the public sector, and concentrates instead on further devolution. Donald MacKay, a longstanding Scottish economist associated with Reform Scotland, actually backed outright independence.

The most notable proposal for radically shrinking the Scottish state has already been mentioned. Michael Russell of the SNP took his models of neoliberal success from Asia, citing examples like India and China where the welfare state barely features in national life. He argued – correctly, in retrospect – that these areas would be the most dynamic capitalist economies of the future, and drew from this the conclusion that Scotland could steal a march on European competitors by cutting public spending in half. Russell's radicalism was pronounced even by the standards of Scotland's most right-wing think tanks. His scheme for Scotland may be regarded as "ideological" in the more old-fashioned sense of the word, as an unattainable dreamland that could never be realised in practice, above all because of the constraints of capitalism and public expectations. The best evidence of this unattainability is the behaviour of capitalist economies since 2008. Here, many governments have either won public mandates for drastic cuts to public spending (as in Britain) or they have been forced to make drastic cuts by external authorities (as in Greece). The political upheaval generated by these comparatively small shifts – compared to Russell's proposal of cutting state spending *in half* – shows that Russell is toying with a strictly ideological notion. Greece's programme of cuts destroyed most of the political establishment, particularly the centre-left PASOK, and a smaller cuts programme in Ireland destroyed Fianna Fail, which had been continuously the largest party in the Dáil from 1932 to 2011. Britain's austerity programme has arguably taken down Europe's most successful centre-left dynasty, the Scottish Labour Party. The UK's decision to leave the European Union – "Brexit" – has been

a second consequence; Scottish independence could be a third. Again, these political upheavals came from cuts programmes that are small-order compared to Russell's proposals.

Nonetheless, "state shrinking" proposals have some function in the order of consensus. Neoliberalism promotes eternal vigilance about the creeping advance of government. Imagining new ways to trim the state down and achieve greater market efficiencies keeps a constant air of discipline around the public sector.

8.8 Banking and Finance

Bob Jessop stresses that economic imaginaries "identify, privilege, and seek to stabilize some economic activities from the totality of economic relations" (Jessop, 2004: 7). We should, therefore, consider how economic discourse privileges certain objects, but also how it excludes or marginalises others. Oil and banking and finance remained outside of devolution's powers. Nonetheless, their measurable share of economic activity in Scotland – assuming we include offshore as "Scottish" – was huge and perhaps played the key role in Scotland catching-up with England. Most of Scotland's top companies, pre-2008 and after, are classified within the financial services and energy sectors. Their significance would be clear in the years 2008-2014, considered in the next chapter. Since I will consider oil again in Chapter 9, I will concentrate here on financial services, which undoubtedly played the most dynamic role of any Scottish sector under devolution.

In the six years following devolution, financial services GVA growth in Scotland was an average annual 7.7 percent, compared to 1.8 percent across the wider economy. According to the *Scottish Economic Report*, produced by the Scottish government, only the USA had a larger share of financial services in its economy than Scotland (Scottish Executive, 2006). Scotland's two largest banks were not simply the biggest companies in Scotland; by 2008, they were among the biggest in the world. Thanks to a series of aggressive takeovers, they

held assets that dwarfed the size of the Scottish economy. As Ian Fraser, one of Scotland's leading financial journalists, observes:

At the height of the financial crisis in September 2008, the combined assets of Scotland's two big banks – Royal Bank of Scotland and HBOS – both of which narrowly avoided insolvency thanks to UK government intervention, were 21 times Scotland's GDP. In Iceland, a poster child of incompetent regulation and banker recklessness, the bank assets to GDP ratio reached 9.8 times in 2008, while in Ireland it was a mere 4.4 times (Fraser, 2011).

Fraser's assessment is written after the crash. The curious thing, before the crash, is that banks play a limited role in the politics of the Scottish economy. The sector seemed, in some respects, to stand for values praised by leaders across devolution politics: private initiative, risk-taking and global ambition. Indeed, its success could help disprove claims that Scotland had inherent barriers to building "global brands". Equally, their example casts doubt on beliefs that Scotland was being held back by a culture of low aspirations and "big government" conformity. Certainly, Scotland's leading bankers received praise and recognition. It is relatively easy to find quotes from SNP and Labour politicians praising the virtues of RBS banker Fred Goodwin, who emerged as the villain of the 2008 crash; Jack McConnell, as Labour first minister, even proposed him for his knighthood.

However, given that every other attempt at creating "world class" Scottish companies had failed, perhaps the most notable feature of Holyrood discourse is the absence of references to banking and finance. The Scottish Executive's two pioneering, lengthy documents on economic development do not mention "banks" or the financial sector at all (Scottish Executive, 2001; Scottish Executive, 2000). Nor does the SNP's first Scottish Government *Economic Strategy* (Scottish Government, 2007), published just before the financial crash. Why did Scottish politicians, so keen to promote "world class" private firms in Scotland, seem to ignore the two giants headquartered in Edinburgh? One reason is that, since finance

already conformed to the model Scottish policy makers demanded, there was no need to think about it. Robert Crawford, head of Scottish Enterprise at the time, explains his thinking like this:

Interview with Robert Crawford: “Did I see it as a problem [i.e. that financial sector would crash]? No. *All we wanted was more of the rest to do similar things.* I didn't sit around, in 2004 when I left Scottish Enterprise, saying, ‘You know what, this financial services sector is a burden on the Scottish economy’...We were not heavily engaged with the financial services sector. It was self-sustaining. It had done all the things we wanted businesses to do. It was self-sustaining, it was globalised, it appeared to have extremely talented management, internationally recognised as such.”

Another factor is that big financial businesses saw no need for Holyrood’s services. While the financial sector had set up a lobbying group, Scottish Financial Enterprise, and promoted think tank research, they did not engage systematically with devolution. As Ian Fraser observes in his account of the RBS crash:

Fred Goodwin – who voted “no” in the March 1979 referendum on Scottish devolution – was sceptical and derisive about the new parliament and could see little point in the bank engaging with it. He just thought that Royal Bank of Scotland, as an emerging global player, was too big for that sort of thing and, in any case, the regulation of financial services was a “reserved power” under the Scotland Act, meaning it would continue to be controlled by Westminster (2014: 75).

In a seminar for the Smith Institute, Goodwin downplayed suggestions that being headquartered in Scotland made any real difference to business, and explained:

[I]t is probably worth reminding ourselves that because of the size of Scotland you cannot be a global company and rely simply on the Scottish economy. I cannot think of any particular activities, except possibly kilt making, where you could actually be a global player and simply survive off the demand from within Scotland itself (Goodwin, 2004: 8).

This did not stop Holyrood ministers from trying to build a role for themselves in financial services, with the Scottish Executive creating, for example, the Financial Services Strategy Group in 2003. However, even the pro-market think tanks struggled to conceptualise what Holyrood could do for financial services. Indeed, very few right-wing reports of the time concentrate on the sector. One exception, published by the Policy Institute (Leckie, 2004), has few proposals beyond full fiscal autonomy to lower corporation taxes, a policy that broadly fits an SNP narrative rather than standard centre-right views.

However, perhaps the strongest reason for Holyrood's lack of interest in financial services is that the sector's behaviour did not fit with their ideology of business. Holyrood had an assumption about what innovation would look like. It stressed nimble, small-to-medium-sized start-ups with strong intellectual capital drawn from the university sector.

Undoubtedly, the banks broke with the allegedly "Scottish" habit of avoiding risk and relying on "big government". But they were huge, ancient institutions who competed by taking-over others rather than specialising. Few notable Scottish financial firms, with a couple of exceptions that grew up around the oil sector, were recent start-ups; many had longer lineages than shipbuilding and steel. Certainly, this did not fit easily with the imagined model where grassroots citizen enterprise led to world-changing innovations. Indeed, RBS explicitly rejected the Holyrood vision. They produced a report on the economy under devolution which dismissed the idea that small-to-medium Scottish businesses would become competitive in global terms (Collins, 2007). RBS called for the Scottish Executive to place more emphasis on privatising existing state industries, providing private finance initiatives, and deregulating big businesses. Their vision of the Scottish economy contradicted the small-to-medium business focus in parliamentary politics. It offered little

role for the enterprising, small-scale work of the flexible citizen; it reserved an exclusive role for big businesses, while the Scottish centre-left painted the new capitalism as an inclusive national project.

8.9 Conclusion

This chapter analysed a new consensus in Scottish economic thinking that lasted from the early 1990s until at least 2007. I showed an emerging new ideal of economic behaviour built around the enterprise model. Neoliberalism prescribed a new set of guidelines for setting boundaries to government and keeping it measurably linked to the goal of producing enterprising citizens who could theoretically eventually replace government. These approaches became standard reference points in implementing Scottish devolution. However, the version of neoliberalism that gained popularity in England under Thatcher, what I call “negative” neoliberalism, rarely played a dominant role in Scotland. Scottish Labour undoubtedly took a hard line on “law and order” and often sought to promote middle class retail using surveillance and police power against the working class (MacLeod, 2002). Nonetheless, compared to Westminster policies of the time, they were less inclined to lead populist campaigns against welfare claimants and immigrants. Proposals for radical cuts tended to come from outside the parliament, from the “vigilant oversight” of think tanks. These complaints about “crowding out” played a functional role in keeping spending within boundaries, but Scotland’s public sector continued to grow under the Barnett Formula. Nonetheless, Scottish politicians found every possible avenue to bring private sector actors into traditional public roles. By the end of Scottish Labour’s time governing Holyrood, Scotland had the highest rate of private finance initiatives of any region outside London (Unison Scotland, 2006: 3). Although the Scottish Nationalists came to power promising to end these policies, their longer term vision stressed the benefits of low corporation taxes and further deregulation in the financial sector.

This broad, albeit bitterly-contested, consensus formed the boundaries of imagining the Scottish economy. It not only broke with idea of the working class as “wealth creators”, reflecting the huge legal, ideological and economic successes of the 1980s; but also, since it focused on the narrow powers of the Scottish Parliament, it effectively missed the real forces behind Scotland’s economic catch-up, oil and finance. Such narrowness became clear with the crisis of 2008, which highlighted a set of deviant behaviours and corporate models that failed to fit with the idealised entrepreneur or with the idea of Scottish big business as overly “risk-averse”.

Chapter 9: The Financial Crash, the Question of Independence and after: Change and Continuity

9.1 Introduction

This chapter is about the events between the financial crash of 2007 and the SNP's consolidation of power in Scotland following the independence referendum of 2014. Like many other societies after the crisis, Scotland witnessed a huge shift in what had become traditional political assumptions and a drastic crisis of legitimacy that centred on how traditional social democratic parties had performed in government during the neoliberal boom. This political side to the crisis took different forms across the Western world, with some voters moving to radical right-wing conclusions and others to radical left-wing conclusions. In Scotland, the party that benefitted most from the crisis, the Scottish National Party, was instead a centrist party and – moreover – a centrist party with a strong record of supporting deregulation in financial services. However, the SNP's centrism was modified by the potential for protest based on the question of independence. Thus, the party improved its fortunes in two respects, reversing the tradition of Labour dominance of Scottish representation in Westminster, and vastly improving the historic rate of support for the cause it represents, an independent Scottish state (see figures 7 and 8).

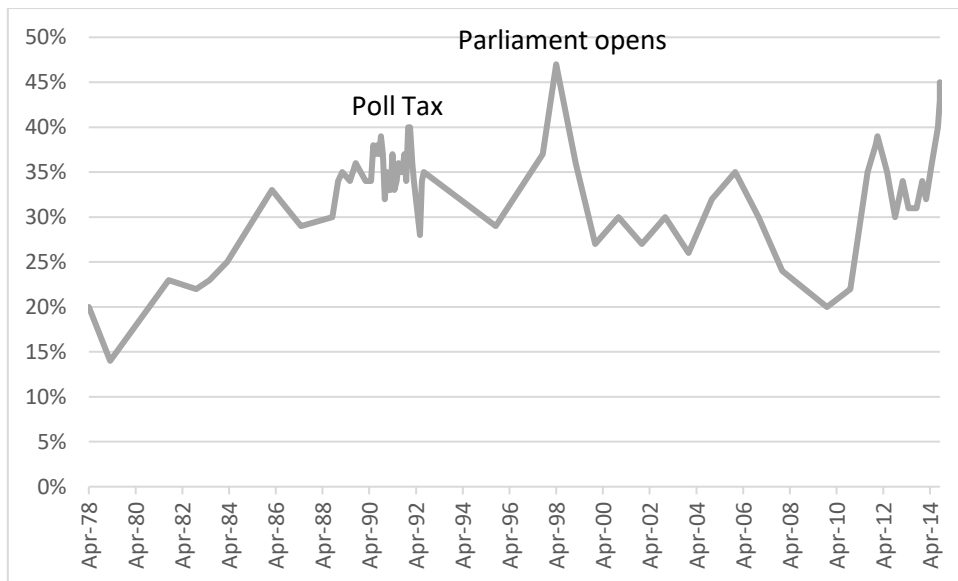


Figure 7: Polled support for independence in Scotland. Source: Ipsos-Mori.

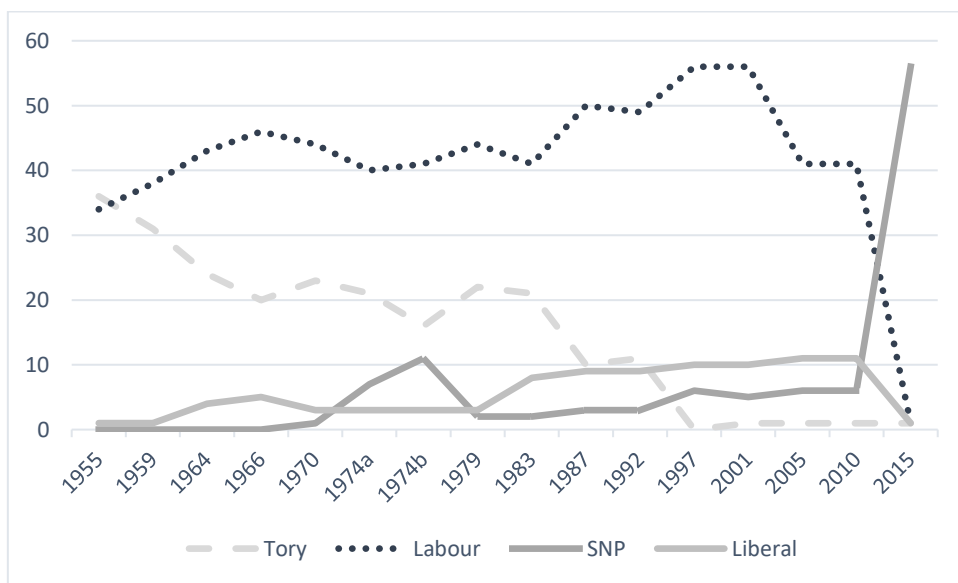


Figure 8: Number of Scottish seats in Westminster elections

I cannot claim to fully explain these dramatic changes in Scotland. Undoubtedly a number of complex factors are involved that fall outside the remit of this study. These include the question of identity, although I would deny any suggestion that rising support for independence simply reflects a surge in “national feeling”. In fact, according to John Curtice, British identity in Scotland grew quite strongly up to 2014, while specifically Scottish

identity had declined. The part of Scotland registering as “Scottish not British” had fallen from 33 percent in 2006 to 23 percent in 2014; the part registering as “equally British and Scottish” had risen from 21 percent to 32 percent in the same period (Curtice, 2014a: 6-8). Moreover, as I have highlighted throughout this study, Scottish national identity in general and Scottish nationalism in particular have often reflected the manner by which different parties and classes have “imagined” the economy. Scottish nationalism has presented itself as a solution to Scotland’s perceived economic decline. Non-nationalist intellectuals like John McGrath have similarly framed Scottish identity around the theft of the country’s national resources by outside forces colluding with domestic capital. And lastly, in contemporary terms, the current surge of support for independence coincides with the financial crisis of 2008 and a broader political crisis that followed as the debt-based economy collapsed. This involved a peculiarly Scottish dimension, since Scotland’s two largest headquartered companies, the Royal Bank of Scotland and Halifax Bank of Scotland, needed an enormous bailout from the British taxpayer that Scottish taxpayers alone could never afford. In equally contemporary terms, the debate around Scottish independence on both side revolved around broadly “economic” questions. Indeed, Nicola Sturgeon, then Deputy First Minister in the Scottish Parliament and head of the Yes campaign, told reporters that “when we win the economic argument, we will win the referendum” (Carrell, 2014). So I believe the economy – or more specifically, the way actors imagine the economy – can give us important clues about Scotland’s current political shift.

Rather than offer a full account of the referendum, I will concentrate here on the implications of the concept of the imagined Scottish economy as developed in earlier chapters. In a sense, this will “begin the conclusion” of the overall study. The events in Scotland after 2007 indicate two important points: that the terms of economic imagination can change drastically in a short period of time; and that the appearance of drastic change can hide crucial continuities. In that sense, the economic imaginary is malleable, particularly during a crisis as traditional forces of leadership are called into question. But it is also coercive, making alternative paths difficult to conceive.

This chapter will be structured to follow the themes developed in earlier chapters. Section 9.2 recalls the notion of regional policy, or, more broadly, the question of redistributing resources from the centre by a process of welfare. After the Empire's collapse, the British state's legitimacy in Scotland had often depended on the guarantees of the welfare state. Crucially, the post-crisis period saw a move in Westminster to a cross-party commitment to austerity and to reining in these "British institutions", allowing the SNP to pose as their defenders. 9.3 focuses on oil in nationalist economics. 9.4 analyses the crucial questions of currency blocs and trading areas that dominated the referendum and its aftermath, particularly Scotland's relationship to the Sterling currency and to the European Union. 9.5 addresses business intervention in the referendum as a guide to how capitalism can exert power through "exit" as well as "voice". 9.6 meanwhile looks at the imagination of the working class in the referendum. Finally, in section 9.7 I look at how even the Yes campaign's left-wing incorporated themes of positive neoliberalism in their campaigning. In general, my claim is that the impetus for "radical" change largely came about because the Westminster parties sought to reduce the responsibilities of the state, a revival, recalling the previous chapter, of negative neoliberalism. This allowed the SNP and related forces to present themselves as forces of continuity: while Westminster leaders presented no alternative to their formula of "cutbacks for all", the SNP offered continued "market prosperity for all".

9.2 Between 2007 and 2014

The economic crisis of 2007-8 could have posed a serious threat to Scottish nationalist economics. The crisis bankrupted Scotland's two largest corporations, requiring a UK taxpayer bailout, while also damaging faith in economies like Ireland and Iceland that nationalists had cited as "models" for Scotland to emulate. Yet the political result of this crisis, including the British austerity regime that followed it, has improved Scottish Nationalist fortunes drastically. Since SNP leaders thought that support for Scottish independence would only rise when economic confidence was high, why did this happen? In this section, I will first look at the nationalist reaction and explanation for 2007-8, which

largely took the form of a cultural analysis framed around the “greediness” of London business. I stress that support for the SNP position reflects a context where Westminster parties broadly agreed on bank bailouts and austerity. This turned a situation that might have ruined the SNP into an opportunity. It allowed the SNP and the broader independence movement to portray themselves as a movement of continuity set against the “extreme” economic changes proposed by Westminster. It even allowed them to present independence as the only available means to save quintessentially “British” institutions like the universal welfare state, the NHS and the Royal Mail. Their reaction to the neoliberal crisis proved stronger than Labour’s because they did not feel pressured by competition from a Scottish centre-right. This allowed them to dominate an anti-cuts narrative, even where this theoretically seemed inconsistent with their broader economic agenda.

9.2.1 Scottish Nationalist Narratives of the Crisis

The first question to ask here is, how did Scottish nationalists directly respond to the crisis? Essentially their responses can be grouped in two. First, they stressed *place of regulation* over headquartered location; second, they stressed *the area of business* over headquartered location.

Nationalists stressed the idea that capitalist regulation in smaller nations will not suffer from the deviant behaviour and corruption of a world city like London. A more localised national culture is said to constrain impulses to “cheat”. Instead a more communitarian consensus is meant to emerge. As Stephen Maxwell put it in his book arguing for independence, “shorter lines of internal communication make it easier for small countries to develop a political consensus between key social and economic interests on how to respond to new challenges and opportunities” (Maxwell, 2013a: 74). By contrast, nationalists often attributed the problems leading to the financial crash to the deviant mass culture of capitalism specific to London or of mega cities like it. For example, Lesley Riddoch, a leading commentator

strongly associated with the Scottish independence movement, spelled out the “Englishness” of the crisis:

The banking crisis could only happen in a country where cheating and deception have become institutionalised – and could only be tolerated by voters because they privately harbour hopes of rising to the same heady, rule-breaking heights themselves one day. This is the corrupting power of the American Dream and a large chunk of England has been thoroughly seduced (Riddoch, 2012).

Nationalists secondly claimed that bank bailouts should be based on the location of business. Since the two Scottish headquartered banks were really British banks, conducting much of their commercial business in London and beyond, Scotland should not assume responsibility for them. When the crisis hit, only one-in-six workers at these banks was based in Scotland. Gordon MacIntyre-Kemp, chief executive of the pro-independence Business for Scotland, compared the ideological link between RBS/HBOS and Scotland’s economy to that of Barclays and the English economy:

Number 1 Churchill Place, Canary Wharf, London, is the global headquarters of Barclays Bank PLC. If you accept there is such a thing as a Scottish bank then Barclays is clearly an English bank. At the time of the crash, the media constantly told us that Barclays didn’t need a taxpayer bail out [sic] at all. But in fact, Barclays Bank - yes, that English based bank - received the single biggest bail out package of any UK bank. It was just that most of it didn’t come from the UK taxpayer. Instead, Barclays was bailed out to the tune of £552.32bn (at backdated exchange rates) by the US Federal Reserve and £6bn by the Qatari Government. In other words, foreign governments bailed out Barclays with more than twelve times the money the UK Government gave as capital support for RBS (£45bn) (MacIntyre-Kemp, 2014).

A similar argument came from the *Wee Blue Book* by the populist Wings over Scotland blog, which played a central role in on-the-street Yes campaigning. “There have been numerous bailouts of banks across Europe and the USA in the last few years, and they’ve all operated under the same principle - governments fund the bailout proportionate to the business the bank does IN THAT COUNTRY [sic]” (Wings Over Scotland, 2014: 14-5). In summary, then, Scottish nationalists claimed that although the crisis affected banks headquartered in Scotland the cause of their failures rested in London’s political and business culture and the responsibility lay outside Scotland where these banks did their riskiest trading.

In relation to business culture, even left-wing nationalists largely failed to consider whether their thesis – that concentrated power creates business corruption – may apply in the other direction. Might smaller capitalist coalitions built around smaller nation states or regions not bring their own forms of corruption? Many observers did take this contrary view, and pointed to the dangers of “small country syndrome”, where a chummy and arguably corrupt solidarity emerges between big business leaders, politicians and regulators in tight-knit countries like Iceland and Ireland, both cited as model economies by the SNP. Indeed, logically, small economies may be more dependent on one or two large businesses, heightening the tendency to overlook malpractice. Professor John Kay thus observes that, “The palpable – and justified – pride which was taken in Scotland over the international expansion of the Royal Bank would almost inevitably have encouraged an identity of interest between the Scottish government and Scotland’s largest business” (Kay, 2010: 7). Jeremy Warner, the Telegraph’s assistant editor, argues that “Scotland would be as bust as Iceland if it had been independent” because “the Edinburgh financial and political elite is, if anything, even more defined by cronyism than Dublin’s” (Warner, 2011). Indeed, notably, Riddoch and Maxwell’s sentiments go against the grain of pre-2007 Scottish politics, where political leaders – especially Scottish Nationalist leaders – had stressed the need for Scotland to overcome its risk-averse culture. Notably, months before the crash, Alex Salmond actively condemned London for its “gold plated regulation” and promised more “light-touch regulation” for financial services under independence (Johnson, 2008). Whether smaller economies produce more ethical capitalism is thus a debatable notion.

However, the issue of whether the national headquarters of a firm should define responsibility for its business failures is certainly an open question. Indeed, Fred Goodwin, the RBS banker held most accountable for that company's collapse, stressed that officially-registered headquarters were increasingly accidental to his company's transnational business practices:

The fact of the matter is that company headquarters move voluntarily extremely rarely...I think looking at why headquarters come to be here takes us down quite an interesting path, and it is not a totally satisfactory path in many respects. What are headquarters? Is that the biggest building in the group? Is that where board meetings are held? Is that where the boardroom is? Is it where the registered office is? Is it where the brass plate is? Is it where the chief executive sits? Is it where the finance director sits? If you start to apply those criteria to a number of companies that you might consider to be Scottish headquartered you would come up with some quite interesting ticks in the boxes as to which of these attributes are actually in evidence in Scotland. So I think we do need to ask ourselves what we mean by "headquartered" (Goodwin, 2004: 7-8).

Scottish Nationalists, of course, are motivated to downplay the severity of the crisis and the scale of its potential impact on the Scottish economy. Scotland's banks, it should be emphasised, dwarfed the Scottish economy. By 2008, the combined assets of Scotland's two biggest companies, RBS and HBOS, were 21 times Scotland's GDP. Even the radically-deregulated Iceland had a bank asset-to-GDP ratio of just 9.8 times, and Ireland's was considerably lower than that (Fraser, 2011). However, critics of independence like the leading economist John Kay did admit the broad argument that national governments are not wholly responsible for the behaviour of their headquartered companies:

The liabilities of the two banks were 30 times Scotland's GDP — far larger than the equivalent figure even for Iceland. It's clear that a Scottish government could not have mounted a credible support operation. But that *calculation also makes clear that it is preposterous to suggest the liabilities of a bank are liabilities of the population of the country where the head office of that bank is located*. Nations should determine the size of banks, not banks the size of nations. The right response from Salmond would have been to say that an independent Scottish government should have seized the groups' commercial banking operations within Scotland, and left the rest to be supported by international efforts. If that international rescue failed to reach a deal, then the non-Scottish operations of the banks should have been put into administration (Kay, 2011: unpaginated; my italics).

But while other countries may arrange bailouts for banks, this only proves that Scotland with its enlarged financial sector could *survive* a 2008 crash. If others had come to the aid of Scotland's economy, they could have imposed onerous terms of repayment, as we have seen with the "Troika's" behaviour towards the Greek economy. Bailouts depend partly on where business operations take place, provided a sense of mutual self-interest prevails, but they equally depend on power relations between states. To imply that Scotland or any other country would survive a future 2008 without significant costs would be dubious. The Scottish nationalist narrative not only ignored problems indigenous to Scotland, but also those intrinsic to the financial mode of capitalism pursued since the 1970s. More specifically, they saw London's business culture as the problem rather than a symptom of the problem. Alex Salmond thus insisted that, "I have not a word of criticism for the two banks [RBS and HBOS]" and blamed the crisis on "spivs and speculators" in London (The Scotsman, 2008: 6).

9.2.2 Austerity and the "Westminster Consensus"

The SNP's success in winning this argument must be regarded in context. After the crisis, the Liberal Democrats under Nick Clegg's leadership and the David Cameron-led Conservatives joined in government coalition and put forward a diagnosis of the crisis and proposals for action that promised to fundamentally change British citizenship. They contended that Britain's economic crisis had been caused by a culture of mass lending and lenient government spending: Britain had "lived beyond its means". These problems led not simply to the economic crisis, but to moral collapse, since "big government" had come to substitute for voluntary and charitable initiative. The solution to both problems involved a radical reduction in government services and the acceptance of "austerity", supposedly across all sections of society. In important respects, this promised a return to the "negative neoliberalism" associated with Thatcher, although with more official tolerance for youth culture, women's rights, LGBTI* issues and anti-racism. Importantly, Labour offered little resistance to the central claim that overspending during their time in office had "caused" the crisis. They also found it difficult to oppose Conservative/Liberal "reforms" to welfare benefits. In understanding why Scottish nationalists succeeded in the crisis, we must appreciate how this apparent "Westminster consensus" worked to their advantage.

First, the "consensus" drew attention away from the "Scottishness" of the bankers who had been bailed out with taxpayer funds. Under the post-2010 view, responsibility for the crisis stretched all across society, centring specifically on New Labour's borrowing but also reaching down into the world of everyday dependence on consumer credit. Bankers played a limited role in this narrative. Attitudes to the crisis tended to divide around those who supported the moral economy of austerity and those who opposed it, leaving significant room for Scottish nationalist leaders to voice opposition to the consensus without exposing their attitudes to the Scottish banks.

Second, particular policies associated with austerity served to highlight what many saw as a Westminster consensus for punishing the most vulnerable groups in society. Examples include the Bedroom Tax and welfare reform, which both disproportionately hit disabled people. Concerns about these policies extended far beyond the ranks of Scottish nationalism

and the independence movement, and many Labour MPs voted against the Bedroom Tax while some also opposed the broader welfare reforms. Nonetheless, the perception of cruelty around the austerity programme helped support the nationalist narrative that attributed a particular malevolence to London's culture of political economy.

Third, the new outlook of Westminster politics emphasised the need to cutback or withdraw social rights that people positively associated with British identity. Scottish Nationalists, paradoxically, often found themselves alone in defending "British" institutions. The Scottish Government's document on independence, *Scotland's Future* (Scottish Government, 2013b), promised to return Royal Mail to public hands. Leaflets released during the referendum read "NHYes", and argued that only independence could guarantee the future of universal free public healthcare.

These factors, taken together, associated Westminster politicians in general with an ideology that even many "moderate" voters across Britain found unsavoury. While English populists like UKIP largely supported the consensus, the broad Scottish independence movement led by the SNP could become a force of protest simply by promising to conserve the post-Thatcher remains of the welfare state.

9.2.3 Labour, Crisis and Referendum

Politically, the main losers of the period 2007-2014 were Scotland's traditional "unionist" social democratic party, Scottish Labour. Labour's response to the crisis is thus worth considering. In a lecture for the David Hume Institute, Alistair Darling, Chancellor of the Exchequer during the crisis and the future leader of Better Together, outlined his views on responsibility for the crisis. He assigns some blame to regulators in London, but frames the impact largely around bankers and politicians in Scotland:

Despite what some suggest, the calamity which hit the Scottish banking industry wasn't imported from London but was homegrown...when people talk about boom and bust, Scotland's bankers took up the challenge in spectacular fashion (Darling, 2011b: 2).

Darling examines the problems this poses for Scottish independence at length. By contrast, despite promising not "to shrug off Government responsibility for any mistakes made over regulation nationally or globally" (Darling, 2011b: 2), he makes little time to explore the political implications for Labour and its record in office. Darling does not consider the extent to which Labour, the traditional party of social democracy, had rested their government on the debt-economy and a deregulated City. Nor does he outline how Labour can restore an independent agenda for government now that its economic base had collapsed. This may reflect the audience for this text: Darling is addressing a lecture to the David Hume Institute, a right-leaning think tank. In fairness, the epilogue to Darling's book on the crisis, *Back from the Brink*, poses some general questions about how British politicians should respond to 2008. Largely, though, it defends Labour's record against the Conservative critique that Brown and Blair had spent too much money in office. Darling does admit that "the [Gordon Brown] government failed to capitalize on our successful handling of the financial crisis" and "[w]e in the Labour Party had lost our collective vision and sense of purpose, and we need now to get it back again" (Darling, 2011a: 323-4). However, his criticism focuses on the damage done by interpersonal "cabals" around rival Blair and Brown camps, rather than the party's "hands off" approach to the City. Darling's framing of the crisis debate, reflecting Britain's two-party system, is clearly designed to resist critiques from the right. He does not consider leftist criticisms of Labour's record, for the likely reason that, within the Westminster system, they were seen as politically unthreatening.

Darling acted as the main spokesperson for the cross-party anti-independence Better Together coalition. During the campaign, he became associated with a "negative" style of campaigning which emphasised the difficulties and constraints of setting up a new state rather than the opportunities and benefits of Scotland remaining in Britain. Scottish

nationalists – and many commentators – named this approach “project fear”. Under Darling, their campaigning would focus on issues of economic uncertainty surrounding the case for independence, such as whether Scotland would be allowed access to the European Union or to a Sterling currency union, or whether an independent Scotland could afford a 2008-style bailout.

Critics on both sides generally accepted the description of “negativity” as an accurate reflection of Better Together’s tactics with Darling as their spokesperson and Labour official Blair McDougall as their campaign director. The question, therefore, is why they took this approach. Partly, this reflected the cross-party nature of Better Together, with its strong emphasis on a united front of the Westminster parties during a period of austerity. The austerity narrative emphasised the need to reduce the scope and size both of the British state and of personal consumption and was thus inherently “negative”. Any positive promises of improved living standards, or any emphasis on the achievements of the Labour movement within the British state, would have clashed with the words of Westminster leaders in Parliament.

Gordon Brown recognised the dangers that Better Together’s tactics posed to the future of Britain. Indeed, his emotional intervention in the last months of the campaign is often assigned a pivotal role in saving the Union. He piloted the so-called “Vow” which promised greater devolution to Scotland in return for a No vote. More interesting, for our purposes, is Brown’s rhetoric, which sought to rekindle an emotional Scottishness within British nationalism, and to recall working class themes of Labourism that had been disowned in British politics since Tony Blair assumed power in 1994. Ironically, it took one of the architects of Britain’s post-class Third Way politics to lead this collectivist shift in unionism. This turn, though, undoubtedly reflects his inability to paint a positive New Labour-style vision of a British economy “beyond boom and bust” that offered “opportunity for all”. We can see Labour wrangling with these problems in two texts: Brown’s book *My Scotland, Our Britain* and the Scottish Labour Party’s *Together We Can* document. In both documents, we

find references to the positive impact of welfare-based regional policy and the legacy of working class activism and solidarity in Scotland.

Many people have documented Gordon Brown's neoliberal record in ideas and in politics (see e.g. Harvie, 2010). However, *My Scotland, Our Britain* presents a contrasting outlook from his image as Chancellor. It actively praises working class resistance and regional redistribution, two legacies that New Labour had rhetorically abandoned. Britain emerges here, not as a nation of risk-taking individuals, but as a shared moral community which divides resources according to need, a Commonwealth united by the gains of trade union protest:

And why did we commit to policies for jobs and pay that see the same rights to dignity at work enjoyed by workers whether they are in Lanarkshire or Lancashire? I want to suggest that from 1919 onwards - starting with the Glasgow marches, through and beyond to the Upper Clyde Shipbuilders' rally in the early 1970s, and then to the Right to Work march we had in the early 1980s — the message was sent loud and clear that economic intervention had to be organised on a UK level so that need should be the deciding factor when resources were allocated to save and create employment (Brown, 2014: 203).

Again, an important principle was being entrenched: to pay for this new needs-based support Scotland did not have to raise all the money itself by redistributing resources from within Scotland: there would be assistance at a British level, determined on the basis of an area's need... So the third shift was from a passive approach to a regional policy of economic intervention - establishing new economic rights for communities and individuals. And this move away from the old, inadequate Band-Aid solutions for people and areas in crisis was also led by Scots (Brown, 2014: 209).

Brown here presents not simply the role of working class agency in producing the British economy, but, specifically, the role of *working class protest*. New Labour's vision of Britain

sought to silence this legacy of collective struggle and social rights in the name of post-Thatcher “modernisation”. Instead, their vision of loyalty to Britain stressed the gains of adapting to a new world economy; or else, protection against official enemies such as terrorism and illegal immigration. However, faced with growing support for a Scottish nationalism that essentially “stole” Labour’s institution for its own purposes, Brown, the architect of Third Way economics in Britain, returned to themes and loyalties Labour’s time in office had all-but nullified. It recalls the two overlapping solidarities that formed the project of Britishness: the common project of Empire (and its American aftermath), and the struggle to win the state to the demands of the labour movement.

Interestingly, Scottish Labour also released their own manifesto for the union. This document feels much closer to Brown’s spirit than to Darling’s gloomier vision of potential disaster. Indeed, the emphasis sharply contrasts with Labour’s “modernising” pro-business rhetoric of the previous decades, recalling an old fashioned social democratic imaginary of collective rights. “[Scottish Labour’s] core values of solidarity, equality and social justice remain as true today as they were in April 1888 when Keir Hardie stood in the mid-Lanark by-election on a platform of an 8-hour working day, political rights for women, and home rule for Scotland,” it argues (Scottish Labour Party, 2014: unpaginated). Certainly, this protest language is not necessarily that of the radical left on closer examination. By solidarity, it means “the recognition that, no matter our differences, we all share the same common ground, from Liverpool to Livingston, Belfast to Birmingham” (2014: unpaginated). Collectivism is organised on a UK national, rather than internationalist, basis. Equality also assumes a particular meaning: “No matter your background, or your circumstances, we each should share the same opportunities, the same rights and the same responsibilities” (2014: unpaginated). This clearly involves equality of opportunity rather than equality of circumstances, and is still a world away from Clause IV (as drafted by the moderate liberal Sidney Webb). Nonetheless, Labour are here laying active claim to historical continuity with the working class movement’s radicalism, a sharp contrast to Better Together’s language, and to that of New Labour.

A final attempt to reclaim Labourist themes occurs after the referendum victory, which spawned a huge rise in support for the SNP. Despite having elected arguably their most right-wing leader in history, in Jim Murphy, Scottish Labour produced a party election broadcast that was an explicitly social democratic, pro-home rule, working class call to arms. “We are a party that has always fought for working people,” it claimed. “Together, we fought for justice in the shipyards and in the mills; we cleared the slums and built the NHS, against the odds; we created the welfare state, state pensions, and the minimum wage...Our history is one of working people standing together: we are for the people, not the powerful” (Scottish Labour Party, 2015). And although Labour was offering, in England, to match most Tory austerity commitments, the broadcast concluded, “We have a chance to get a Labour government that will end Tory austerity”. The broadcast’s visuals echoed these words, with videos and photos of marches and strikes, of Mary Barbour and Keir Hardie (Scottish Labour Party, 2015).

In Brown’s book, and the other documents produced by Labour later in the campaign, we can arguably detect some of the intellectual roots of Jeremy Corbyn’s unexpected leadership victories in 2015 and 2016. When forced to present a “hopeful” vision of what Scotland could achieve, Labour fell back on a collective ideal of the British state, an ideal and set of loyalties they had done everything to portray as finished. This shows the extent of damage done to their positive neoliberal outlook by the crisis of 2008, hinting at the unexpected vulnerability of the party to anti-establishment challenges. Nonetheless, Labour’s transition has unresolved tensions. In Brown’s rhetoric, there remains the dichotomy between “rational” head and “emotional” heart, the message being that Better Together’s failure was one of emotion. This leaves the economic rationality itself unexamined. Indeed, despite the change in emphasis, Brown’s position still resembles the basic doctrine of the Third Way: “the economy” is essentially a technical machine without aims, and government must supplement it with warmer emotions centred on the “life world” of citizens. Nonetheless, after 2008 and given the politics of the Con-Dem coalition, these themes seemed almost utopian by contrast.

9.2.4 Relation to Thesis

Chapter 4 examined regional policy, or, more broadly, the original imagination of Scotland's economy within a British territorial state. This period's flaws have been emphasised by both left-wing and right-wing critics. However, after the Empire, the idea that the British state had a moral responsibility to redistribute wealth to the poor and to redistribute jobs from "congested" London to the regions proved a unifying idea. Since the 1980s, the idea of slowing London's growth to promote the regions has declined, and regions were increasingly encouraged to behave in an entrepreneurial manner in promoting growth. However, semblances of this earlier settlement remained in Scotland, where small-n nationalist mobilisation together with the Barnett Formula allowed for higher than average public spending. Public sector jobs thus form a crucial part of Scotland's economy and its incorporation into Britain, which partly explains why "moderate" Scottish voters opposed Thatcherism.

After 2008, Westminster parties sought a radical revision to the idea of the British state's responsibility to its citizens. An important effect of this new regime is what Neil Davidson calls "devolving the axe" (Davidson, 2010b: 362), where national government would pass cuts down to regional areas, who in turn would pass cuts further down to the local level. This dispersal of responsibility was designed to ensure that anti-cuts opposition would not unify against the national government. In Scotland, however, it allowed the governing Scottish nationalists to attribute any injustices to the cruelties of the Westminster regime. It also allowed them unlimited space to lead campaigns in defence of popular "British" welfare benefits under threat from Conservative and Liberal policies.

9.3 Oil and Public Spending

Chapter 5 outlined the significance of oil in debates about Scottish public finances and Britain's responsibility towards Scotland's economy. As Stephen Maxwell noted in his

argument for independence, “When oil in commercially attractive quantities was discovered in the Scottish province of the North Sea at the end of the sixties, the onus shifted to the opponents of independence to demonstrate why an independent Scotland with control over the oil would not be better off” (Maxwell, 2013a: 55). However, just as the referendum arrived at an unfortunate time for Scotland’s financial sector, it coincided with the first signs of what would become a serious post-fracking crash in the price of oil. North Sea oil had reached its peak extraction point, and even in 2014, before the calamitous price crash of 2015-16, it looked to be of declining relevance to public finance. Environmentalists also questioned the ethics of building the future economy around a commodity so strongly linked to climate change. SNP leaders thus portrayed its impact as a “bonus” to Scotland’s future public finances, and stressed Scotland’s green energy potential alongside the question of oil.

Nonetheless, oil played a strong implicit role in the SNP’s economic calculations. For example, the SNP regularly argued that an independent Scotland would be the fourteenth richest OECD country. Everything about this calculation depends on the “Scottishness” of North Sea oil, the profits of which mostly flow overseas, a problem that GDP calculation does not recognise. Research based on Gross National Income, which also calculates how much money is kept inside the country, put Scotland 20th out of 34 countries (Armstrong and McLaren, 2014). Britain’s public finances, and Scotland’s by extension, had not benefitted from a nationalised oil system like Norway’s. While Scotland could, in an ideal world, insist on repatriating profits in the manner of traditional economic nationalism, this would not fit with the SNP’s low-tax, open-to-business economic model.

The SNP also rejected Treasury claims that Scotland had been subsidised by the British taxpayer, and presented the opposite view. “For every one of the last 32 years [sic] estimates show Scotland has generated more tax per head than the UK as a whole,” claimed Scotland’s Future, the White Paper on independence (Scottish Government, 2013: xii). By looking at tax receipts since the late 1970s, and by including North Sea revenues in Scotland’s share of

revenue, the White Paper argued that Scotland had substantially subsidised the British Exchequer.

Much depends on the crucial timeline here. The world before North Sea oil, where Britain certainly did “subsidise” Scotland, is ignored. Equally, the claim implies that the future will resemble the past, which is unlikely given oil’s finite nature and its central role to Scottish finances. A contrary view is that, economically speaking, higher public spending in Scotland has compensated the country for the deprivation of its oil wealth, and that “Scotland has already spent most, if not all, of its oil fund” (e.g. Ashcroft, 2013). Scotland’s relative economic strength and its perceived fiscal position thus rest on how oil revenues are imagined as “belonging” to Scotland.

Fiscal balance as % of GDP	Scotland Average 1980 to 2007	UK Average 1980 to 2007	Scotland Average 1990 to 2007	UK Average 1990 to 2007
With geographic share of oil revenues	+ 1.5	-2.4	-3.6	-2.6
With population share of oil revenues	-5.3	-2.4	-6.5	-2.6

Table 1 Scottish and UK fiscal balance as percentage of GDP, with geographic and population share of oil revenues. Source: Ashcroft, 2012.

Opponents of Scottish nationalism also drew on oil, or, more precisely, Scotland's alleged dependence on oil. Indeed, with Scottish nationalists aware of the tenuous nature of oil's future, the commodity arguably began to play a stronger explicit ideological role for "unionists" seeking to highlight Scotland's vulnerability than for nationalists seeking to portray its strength. In presenting their case, Better Together's official statements were just as dependent on questionable, indeed dubious value judgements about oil. By excluding a geographical share of oil from their calculations of Scottish revenue, they painted a future under independence where each household would have a £1,200 deficit to fund. As the STUC observed,

The "Better Together" campaign has focused on an interpretation of the General Expenditure and Revenue in Scotland account (GERS) account which shows both the UK and Scotland to be in deficit with Scottish public spending exceeding its Gross

Domestic Product (GDP) by a significant amount – amounting to £1200 per household. Whilst the campaign is correct to point out that comparisons between Scotland and the UK are between relative deficits...it singularly fails to recognise that an independent Scotland's GDP would include around 90% of current UK oil tax receipts. The £1200 deficit figure is flawed and the "Better Together" campaign should not be using it (STUC, 2013a: 39).

Thus, rival views about Scotland's potential public finances continued to revolve around the conceptual issues posed by oil in the Scottish economy. Its instability and fluctuations pose crucial questions of presentation. These issues include whether to allot to Scotland a geographical share of oil revenues as prescribed by the Geneva Convention, a population share or no share at all. Equally, they include whether to picture an annual snapshot of the economy including oil, or whether to take a view over the course of decades which arguably allows for ironing out price waves and temporary disturbances.

9.4 Scotland's Place in Trans-National Alliances

The referendum highlighted the overlapping market and trading systems that embed Scotland's current economy. Many debates, both during and after 2014, centre on these questions, among them the problem of Scotland's future currency and Scotland's position in the EU. Scotland has been part of the British union since 1707, which allowed it access to the markets of Empire and precipitated its early industrial growth. Since that structure collapsed, it occupies three main trading areas. It continues to belong to the United Kingdom, which forms by far its main market, and thus benefits from the UK's ongoing formal and informal Commonwealth links. Scotland secondly belongs (as of today) to the European Union, its second biggest market. Finally, Scotland belongs to a world defined by mostly American transnational corporations. This latter is often unacknowledged but equally crucial, since these corporations – Japanese as well as American – have helped offset the loss of Scotland's main industries through inward investment. The American state also

tends to “police” countries who move outside of established economic or political norms, and organisations like NATO have continued after the end of the Cold War. “American power” thus represents a real constraint on national independence for all other countries or would-be nations. This theme is only marginally significant, and I will not consider it in depth, but when we consider that one moral and economic argument for independence is the cost of Trident nuclear missiles, the question of American power and NATO is clearly unavoidable.

As covered in Chapter 6, Scottish nationalism turned from traditional Euroscepticism to an enthusiastic embrace of Brussels in the 1980s partly because it promised unhindered access to British markets. A traditional argument against independence said that it would mean border guards and tariffs, restricting Scottish access to its biggest market. The EU seemed to solve this conundrum in nationalism, making “independence easier to achieve as it removes any worry about a small market and customs posts on the Tweed” (Scott, 1991: 214). Indeed, the SNP even backed the single European currency for nearly two decades. Alex Salmond told the *Herald* in 1992 that “Scotland would have no underlying ambition to try and keep off the movement towards a single currency” (The Herald, 1992), and the party were the second in Britain after the Liberal Democrats to officially back the Euro. In 1999 Salmond described the pound sterling as a “millstone round Scotland’s neck” (Watson, 1999: 8). And when, in 2000, the party’s ex-deputy leader Jim Sillars, who pioneered their “independence in Europe” slogan, wrote a pamphlet warning of the dangers of a single currency, an SNP spokesperson dismissed it: “Jim Sillars is a journalist, and he’s written a discussion paper as he’s perfectly entitled to do” (The Herald, 2000: 6). The Party was even willing to use military force to start a “cod war” if Scotland was denied access to the Eurozone (Farquharson, 2002). The limits on this policy became clear long before the European crisis of 2007-8. Indeed, a poll conducted in 2001 showed that Scottish voters were considerably more hostile to the Euro than English voters. Only 13 percent of Scots reportedly wanted to join the single currency, versus 25 percent in the rest of the UK (The Daily Mail, 2001: 39). However, the SNP only officially amended its pro-Eurozone policy in 2011 when the full consequences of the Greek crisis had become clear.

Thus, the SNP partially retreated from its ardent pro-European position and instead proposed a sterling currency zone where Scotland would share decision-making power with England. The Scottish Government's Fiscal Commission Working Group, comprised of leading economists, produced the first proposals for a currency union. It argued that both sides had a common interest in the currency union, and that this should prevail:

Analysis shows that it would be in Scotland's interests to retain Sterling immediately post independence. It is also the case that – post independence – this would benefit the rest of the UK given the scale of integrated markets, including in areas such as financial services (Scottish Government, 2013: 27).

The UK Government presented an exact opposite view on the economic argument: they argued that neither side would benefit from the SNP's currency union proposals.

Within a sterling currency union, an independent Scottish state would find it more difficult to adjust to the effects of economic challenges, such as a fall in the global oil price, than Scotland currently does as part of the UK. The continuing UK would become unilaterally exposed to much greater fiscal and financial risk from a separate state (HM Treasury, 2014: 9).

Voters, however, expressed general confusion about which side was providing accurate technical advice. A survey by Scottish Social Attitudes, for example, found that 47 percent of voters were "quite unsure" about what would happen under independence, and 17 percent were "very unsure" (Curtice, 2014c: 11). Both sides proposed that "technical negotiations" should take place. However, the debate increasingly focused on the personal character of the politicians making the promises about the currency. Scottish nationalists accused Westminster leaders of "bluffing", while commentators and politicians backing the union

accused Alex Salmond of “lying”. Finally, Better Together sought to have the final word on these claims by making a combined Labour, Conservative, and Liberal Democrat promise to vote down any proposal for a currency union. That move, as unionist commentator Alex Massie noted, was about “reminding Scots where power really lies...this demonstration of power...is designed to sow uncertainty and apprehension” (2014). Equally, the SNP’s case came to rest on essentially non-technical, non-economic grounds: the moral force of a democratic mandate; and the likelihood that Westminster politicians would “bluff” or “lie”.

The SNP’s certainty on the issue, and unwillingness to consider alternatives, became a feature of the campaign. Their supporters mirrored these attitudes.

No matter what happens after a Yes vote, whether the UK government agrees to a currency union or not (although the overwhelming likelihood is that it will), Scotland WILL keep the pound. Because of the nature of Sterling, this is one of the few aspects of the debate which can be absolutely, unequivocally guaranteed (*Wings Over Scotland*, 2014: 20).

The above view builds on the theoretical truth that Scotland could continue to trade in Sterling without Westminster’s permission. This policy is labelled “Sterlingisation”. The partisan *Wings Over Scotland* presents this as a policy Scotland could adopt without potential downsides, quoting uncritically from authorities like the free market Adam Smith Institute and Institute of Economic Affairs. George Kerevan, by contrast, presents a more cautious picture. Scotland, he notes, would be bound by decisions over the Bank of England base interest rate without having any control over it. Second, “the Bank of England would not guarantee to buy Scottish Government bonds, as it does for UK debt at the moment” (Kerevan and Cochrane, 2014: 44), which would make borrowing far more expensive. Kerevan, however, claims that Scotland could offset this problem by becoming a less risk-prone borrower and by growing faster. Such arguments are difficult to refute directly; nor can we easily prove them. However, if we follow Kerevan’s position logically, it would

mean that Scotland would become considerably more vulnerable to external market pressure, and would have less democratic control over monetary policy than it currently does. The result of either could be severe, as the STUC noted,

The STUC acknowledges that sterlingisation is an option – of course Scotland can continue to “use the pound” in this way...[but] “keeping the pound” under a sterlingisation scenario does not mean that monetary affairs will remain much as they are pre-independence. Sterlingisation equates to profound and potentially destabilising economic change.

Given that the independent state would have no control over monetary policy it would be necessary to run significant budget surpluses for an extended period of time (it is impossible to be exact here) in order to build credibility with the markets and provide the means (fiscal buffers to support Government spending and financial sector support) to deal with any future economic shock...Informal currency union is highly unlikely to be compatible with the Scottish Government’s stated intention of avoiding austerity by borrowing more (STUC, 2013b: unpaginated).

Both sides portrayed their own views as embodying “economic” reason, and their opponents as acting on political motivations that would sensibly dissolve after the referendum. The SNP acted as if economic rationality would decide the currency question because it allowed them to dismiss Westminster’s veto over the question. “Taking Scotland out of sterling would add around £50 billion to rUK’s trade gap,” Kerevan argued. “It would not be long before the markets punished any rUK government for running such a large and unsustainable trade imbalance” (Kerevan and Cochrane, 2014: 45). Similarly, the UK government rooted their own view in technical criteria (HM Government, 2013) because otherwise their policy of refusing negotiations would look rather like a power play designed to bring Scottish voters into line with British interests. Both positions assume that geo-economic disputes are generally resolved in the “common interest” as defined by the market. However, this view as a generalisation is questionable. Tory MPs campaigned for –

and won – British exit from the European Union in 2016, despite regular warnings from “experts” that leaving would damage the main UK interests in the City of London who are also, incidentally, the biggest financial backers of the Conservative Party. The “Troika” imposed austerity on Greece despite plentiful warnings that the policies were counterproductive, because doing otherwise would have set a “bad example” to others. The desire to punish, to enforce norms, to assert national sovereignty and to portray power in international affairs can often override economic “common sense”.

Although currency takes on the aura of a characteristically economic “thing”, political, legal, and psychological issues are crucial components of a currency regime. So assessing rival claims about the economic impact of constitutional change is difficult to achieve in strictly “economic” terms. As leading Scottish economist Andrew Goudie acknowledged before the referendum,

Herein lies the paradox: while people may wish to make the economy (and, notably, their personal economic gain) the critical and decisive determinant of the outcome of the referendum, it is an area of inevitable uncertainty and indeed speculation. The knowledge base is simply too weak to provide the clarity that allows this to be the central issue upon which the electorate can form a considered and informed judgement. At the macroeconomic level, there is no convincing evidence of the relative benefit to economic growth of differing constitutional arrangements (2014: 53).

With two sides, and two governments, of roughly equal authority presenting absolutely opposed cases, and with each side mobilising “experts” on its behalf to argue about a hypothetical future scenario that involved numerous legal, technical and political complexities, public decision-making rested on emotional and moral factors. Better Together undoubtedly mobilised “fear” for its purposes. Most media sources, and the No side, followed Alistair Darling in putting the onus on the Yes campaign to “prove” that their

plans were achievable. Such views tended to imply that fear and uncertainty was attached to change, and, implicitly, that the current settlement guaranteed some form of stability.

George Monbiot (2014) described this as a form of “status quo bias”. Of course, it could also be argued that the Yes campaign were themselves basing their campaign on the promise of stability and on fears of the unknown, given that an overriding theme of the campaign was the fear generated by “extreme” Westminster austerity policies. Nonetheless, on the issues of transnational trading areas and currency zones that dominated much of the economic debate, very few considered the so-called “risks of staying” (Foley and Ramand, 2014).

Thus, for example, a key argument against Scottish independence said that Scotland would sacrifice the security of its European Union membership. This built on plausible premises. Jose Manuel Barroso, President of the European Commission, argued that it would be “extremely difficult, if not impossible” for Scotland to join (Settle, 2014). Although Barroso and his compatriot Mariano Rajoy had internal reasons to dismiss Scottish access to the EU – they faced their own campaigns from Basque and Catalan nationalists – they were not alone in presenting the difficulties of Scotland gaining access. So, once again, two sides presented diametrically opposed positions: the Scottish Government arguing that Scotland would gain automatic EU entry; the British Government arguing that it would have to reapply under onerous conditions. Theoretically, as portrayed in media sources, this stand-off suited the “No” campaign. If both sides agree on a shared objective, and one course of action risks that objective, while the other clearly does not, then why opt for risk? The burden of proof in any uncertainty lay with the Yes side.

Clearly, this mode of reasoning looks much less convincing in retrospect, with Britain having taken the decision to leave the European Union, a decision Scottish voters rejected by a nearly two-to-one margin. It seems irrational to argue that nobody could have predicted Brexit, since Euroscepticism has been a pronounced feature of Conservative politics in England for decades. Indeed, polls published during the Scottish referendum showed that a future EU referendum would be very close (Helm, 2014). Arguably the risks of Scotland being outside the EU under independence seemed higher at the time, and there

was then no timetable for an EU referendum in Britain. But very few authors, commentators or specialists on either side considered the possibility of Britain leaving the EU, concentrating exclusively on the risks posed by Scotland reapplying for membership after independence. Regardless of views about the European Union, this clearly feels like a significant oversight, given that Scotland's media framed the debate with the EU as a commonly-desired objective. In an interview for this project, Douglas Fraser, Business Correspondent at BBC Scotland, an organisation heavily criticised by nationalists for "bias", explained some of the conceptual difficulties:

Interview with Douglas Fraser: "[A senior BBC Scotland News journalist] has said that we in the BBC didn't do enough to challenge the No side on the consequences of a No vote. Which is not to say that we didn't do anything...There's a question that we need to address in the media, and particularly in the broadcast media, with the requirement of impartiality, and it applies to the Brexit referendum as well...What bias is there to the status quo, and why is there a bias to the status quo? Well, there probably is a bias. Why is it? It's because it's where we are, what we know. If you're presenting news, which naturally ought to be something that is novel, a new idea, you don't need to spend time explaining to people where they are at the moment."

After Brexit, we have thus seen a partial reversal of terms. During the referendum, Better Together successfully portrayed independence as a potential disruptive force with particular focus on the currency and the European Union. These proved difficult questions for the SNP, who aimed to stress continuity and to portray Westminster as a disruptive force. After "Brexit", on at least one key question – the European Union – the SNP will feel that the case for independence-as-continuity is significantly stronger. Indeed, having once been a strong argument for Scotland staying inside the United Kingdom, the European Union theme is now dominating calls for a second independence referendum. This reinforces the point above, where the SNP stand for the persistence of "positive neoliberalism" while portraying the Westminster consensus as a form of right-wing extremism. However, the issue has not been exhausted. Britain's exit from the European Union arguably reinforces the currency

problem: would an independent Scotland share a currency with a non-EU country? The likely answer is no, leaving the SNP without a currency policy for Scotland's economic future.

9.5 The Politics of Business in the Referendum

In earlier chapters, I highlighted the role of particular business families in “speaking for” the Scottish economy. The decline of this class as a specifically Scottish entity coincided with the decline of the Scottish Unionist/Conservative party that provided the vehicle for their political careers and the spokesperson for their opinions. This fact helps to explain why business power has received much less attention in mainstream contemporary Scottish sociology than it received in the 1970s. However, I would propose that we have not seen a decline of business power in Scottish politics, but simply a change in form.

In the 1960s, Albert O. Hirschman (1970) proposed the dualism of “exit” and “voice” to explain how workers, consumers and investors address their discontent with institutions. Voice means any “attempt...to change, rather than escape from an objectionable state of affairs” (1970: :30) while exit simply means leaving for somewhere else. We may extend this concept to the power of business over the Scottish economy and of Scottish business within the British state. Previously, Scottish businesses sought a political voice to shape the direction of economic policy in their interest. However, as the industrial bloc declined, decisions affecting the Scottish economy increasingly became controlled from outside an identifiably Scottish coalition of interests. These top investors and managers did not necessarily identify with Scotland's national interest and could exert power simply by exiting the economy, or threatening to do so. This dualism is not absolute, since Scottish capital always leaked investments overseas into the colonies and, through the British Empire, identified its interests in a “global” sense. Moreover, some top Scottish businesspeople continue to profess a strong interest in the future of the Scottish economy

and even support Scottish nationalism. Nonetheless, the distinction is useful in highlighting the “invisible” forms that business dominance might take.

The referendum saw a crucial struggle over the idea of “Scottish business opinion”, with both sides claiming to represent the views of business. In assessing the force of these claims, we must make a crucial distinction in the sociology of Scottish capitalism. There are 361,345 registered enterprises in Scotland, as of March 2015 (Scottish Government, 2015: 4). Most operate in Scottish markets alone; many work exclusively within their own local authority area. 72 percent of registered businesses in Scotland are sole-traders with no employees, a further 23 percent have 1-9 workers, while 4.4 percent employ between 10 and 49 people (HM Government, 2015). Together these account for nearly half of private sector jobs and a third of turnover (Mason and Reuschke, 2015: 9). However, large businesses (250+ employees) make up less than 1 percent of businesses overall but they generate 60.6% of turnover and 44.4% of employment in the private sector (Scottish Government, 2015: 5). These 2,295 large businesses thus have disproportionate power. An even smaller number, in the dozens, largely in financial services and energy, have global scope and exercise massive influence over Scotland. These bigger companies are often regulated in Westminster, or more broadly in Europe, with little reason to build strong relationships with Holyrood. Moreover, their main markets may be located outside of Scotland, in England, Europe, or America.

Generally speaking, these top businesses opposed independence. Three different studies suggested that about 10 percent of top business leaders would move activities out of Scotland if there was a “Yes” vote (MacKay and Stoyanova, 2014: 92). As Brad MacKay suggests in a report for the David Hume Institute, much of this hostility came from the largest firms with markets beyond Scotland:

Unsurprisingly, large “PLC” companies headquartered in Scotland appear to be more affected than companies headquartered outside of Scotland. Companies

supplying to the MoD also report that independence could pose a challenge to their business prospects. A significant number of medium and large companies have the majority of their trade in the rest of the UK (typically 90% and 10% in Scotland), and appear far more affected than companies whose trade is mainly in Scotland, or is globally diversified (MacKay, 2014: 3).

These concerns were confirmed when, in the independence campaign's closing weeks, some of Scotland's commanding capitalist firms, including HBOS, RBS, and Standard Life, threatened to leave the country or made plans to leave as polls showed growing support for the Yes side. The President of the CBI, Sir Mark Rake, even claimed that 90 percent of Scottish businesses opposed independence (Gordon and Jenkins, 2014). This claim was truer of CBI members, mostly large-scale operations, many of them branch operations, than small businesses rooted in Scottish markets. MacKay and Stoyanova's survey actually found some optimism about independence, with the crucial caveat that, "The business leaders sanguine about the opportunities came from smaller medium-sized companies (50-90 employees) in all but one case" (MacKay and Stoyanova, 2014: 86). Among Scottish oil leaders, one industry poll found that only 13 percent would back independence (Dickie, 2014).

By contrast, though the official independence campaign never wavered in its "pro-business" stance, Yes Scotland's main list of backers appears deeply rooted in the 71 percent of Scottish businesses who are sole-traders with no employees, or the many others who employ a handful of workers. Looking at the 200 listed business supporters of independence, only twelve are listed as having links with the top 500 Scottish companies as listed by *Scottish Business Insider*. Many of those links, moreover, are historical rather than current. Shops, local suppliers, consultants, and tourism industries predominate in Business for Scotland where big financial and energy interests predominate in Better Together. This does not mean that all small businesses backed independence. A survey by the Federation of Small Business in Scotland suggested that just over a quarter of their members (27%) were excited by the prospects of independence, while over half (54%) were "very concerned about risks" (Federation of Small Businesses, 2014: 7). However, the authors of this research note that this

enthusiasm is “a considerably higher percentage than previous sampling of larger businesses” (MacKay and Ivory, 2014). Since there are over 300,000 small enterprises in Scotland, Yes Scotland could present a large list of business owners and investors supporting independence. It might be true to say, for instance, that tens of thousands of businesses enthusiastically supported independence, whether for patriotic reasons or in the expectation of rewards like lower taxes or greater international profile for Scotland, a particular incentive for tourism industries. However, considered as a percentage, this would still be a relatively small number.

Overall, businesses and business leaders, particularly at the top end, showed disproportionate concern about or hostility towards independence. Better Together also gained major financial backing and logistical support from the Scottish and UK capitalist ruling class, i.e. large financial interests and decision makers in big businesses. Key firms like Weir Group, Aggreko, and Baxters were among the many large businesses expressing active support for the “No” coalition. However, businesses rarely publicly expressed outright hostility to independence in the formal sense. Instead, businesses would warn about future investments and to make preparations to move – to “exit” – if independence went ahead. RBS, Clydesdale Bank and Standard Life all announced preparations to shift their headquarters in these circumstances (Wright, Titcomb et al., 2014). When these warnings were officially reported, politicians and journalists sympathetic to the Union cause would cite them to demonstrate threats to Scottish jobs.

This example indicates how elite business power continued to operate in Scotland politics even after the centre-right party collapsed along with Scotland’s traditional capitalist leadership. Certainly, top businesses did pursue a “voice” in Scottish politics indirectly, through lobbying and by sponsoring think tank research (Schlesinger, Miller et al., 2001; Pautz, 2005). But businesses could exert significant power simply by the threat of “exit”, and, as Mosley argues of global capital generally, “Investors’ credible threat of exit...greatly increases their voice” (2003: 7). This condition is true for increasingly mobile capital at all times in Scottish politics, particularly when the country has been traditionally dependent on

inward investment. However, the referendum made these threats publicly visible in Scottish politics to an extent rarely seen under devolution.

9.6 The Yes Campaign and the Working Class

We have already noted that Labour leaders drew on working class iconography to argue for a “no” vote. However, one main discourse of the referendum stressed the working class turning away from Labour and “unionism” (e.g. Geoghegan, 2015). Historically, this trend certainly marks something important, but the precise nature of it could be contested. We must distinguish between a theoretical stance on class and “discourses” of class.

The most enthusiastic support for a “Yes” vote came from the lowest earners in society. In the bottom quartile of income, 56.4 percent voted for independence. Crucially, the energy here tended to relate to housing status: nearly 62 percent of social renters voted “Yes”, while nearly 65 percent of owner-occupiers voted “No”. Another clear pattern here is a legacy of social deprivation and voting Labour. The referendum saw a significant realignment of voting in so-called “Labour heartlands”. Dundee arguably had a longstanding tradition of outright nationalism, but Glasgow, West Dunbartonshire and North Lanarkshire were the also among the highest “Yes” voters, and all had been unambiguously Labour voting areas. As Curtice notes, “Between them these four areas are amongst the top six in terms of the unemployment claimant count and the proportion living in an area of multiple deprivation, and amongst the bottom six in their proportions of people in professional and managerial occupations” (Curtice, 2014d). The statistics for independence support by level of income deprivation are given in figure 9. By contrast, rural Scotland, often renowned since the 1970s for its “Tartan Tory” Scottish nationalism, mostly voted against independence.

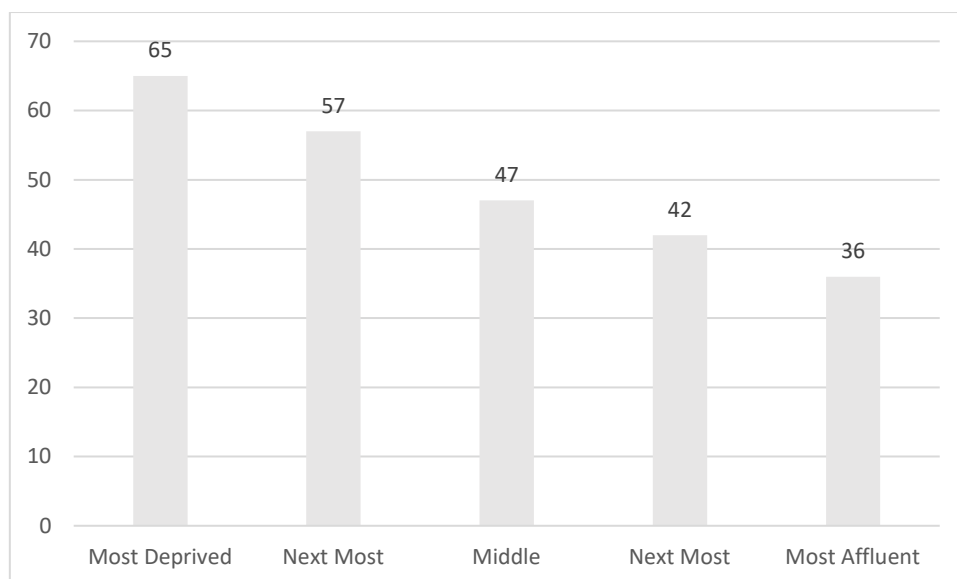


Figure 9: The Scottish independence deprivation gap. % voting Yes, by degree of neighbourhood deprivation (SIMD). Source: Henderson and Mitchell, 2015.

However, to claim that the “working class voted Yes” is a matter of judgement rather than strict fact. Figures from Ailsa Henderson and James Mitchell’s (2015) research indicate that 53.4 percent of “working class” people voted Yes. But academic definitions of class are contested. Interestingly, while a majority of the bottom quartile of income earners voted “Yes”, nearly 58 percent of the second-bottom quartile voted “no”. That rate of “no” voting is higher than for the richest quartile (53%). Pre-referendum research by Jon Mellon found similar results. Higher managers and large employers were very unlikely to vote “Yes”, while “routine” occupations were among the most likely “Yes” voters. However, small employers were among the most enthusiastic supporters of independence, while “semi-routine” workers were almost as unlikely to vote “Yes” as the large employers (Mellon, 2014). Therefore, to definitively state that “working class Scotland” voted Yes involves questionable interpretations of the evidence. What is clear, however, is that voters in deprived areas and social housing estates were central to the “Yes” vote.

Nonetheless, the objective fact of class and the discourse of class must be separated for the purposes of analysis. The radical side of the yes campaign drew on the legacy of the Poll Tax and American-style voter registration drives in Black communities to construct discourses of

class stressing those “left behind” by the political system.⁸ This approach to class, as Neil Davidson notes, paid little attention to work or workplaces (Davidson, 2014). Instead, as I stressed in earlier chapters, the radical left in Scotland had adopted an approach to class that stressed communities of deprivation. This approach broke with a tradition in Scottish politics where such communities had little agency and “reflexively” voted Labour following their family traditions. It broke, moreover, with narratives of Scottish devolution that stressed middle class agency, the moral conundrums of the professional class, and the agency of small businesses. The movement undoubtedly drew on a protest logic. This is perhaps best epitomised by the Radical Independence leaflet simply stating, “Britain is for the rich; Scotland can be ours”. Such populist messaging was designed to appeal to an “us and them” attitudes of groups who might not consider voting.

However, it needs stressing that, while such approaches break from the norms of devolved Scotland, they arguably reinforced the trend of mainstream, official sociology to decouple the question of class from the question of work and trade unions. In such discourses, class becomes a “way of life” outside of a working environment.

One conclusion is important to mention though. There is a fairly distinct correlation between living standards and patterns of voting in the referendum, and the trend is especially clear when we consider the intersection of deprivation, job insecurity and home ownership. The main feature of the “No” campaign was a focus on the threat to “the economy” and the likelihood of businesses leaving the country, a threat seemingly confirmed by the words and actions of many of Scotland’s largest companies. These “fears” were widely reported in journalism, and formed the main theme of the referendum. Commentators tend to agree that “middle class” voters voted disproportionately for “no” on these grounds. For Gerry Hassan, Better Together “carried prosperous, middle class Scotland in part because of fear and anxiety of losing the security, position and even place they had in society” (Hassan, 2014b). The interesting feature of this finding is the suggestion that the most deprived

⁸ To declare a personal interest, I helped devise this strategy through my involvement in founding the Radical Independence Campaign.

working class voters rejected the authority of “economic experts” linked to the corporate world. This links Scotland to broader populist movements of left and right after the financial crash of 2008 (Judis, 2016), including the Brexit vote in 2016.

9.7 Positive Neoliberalism: Continuity in the Yes Campaign

Nonetheless, examined in detail, the main forces in the Yes campaign did not break too substantially with the economic narratives suggested in Chapter 8. They presented Scotland’s future as an enterprise society, reclaiming its past glories, albeit that the Yes campaign did this without directly attacking the role of Scotland’s public sector.

Since coming to power, the SNP had committed itself to “sustainable economic growth - to which all else in government is directed and contributes” (Scottish Government, 2007: v). This green-sounding framework is actually far more problematic than it first appears. World-leading green economist Herman Daly’s “first law of sustainability” is that “[i]t is development that can have the attribute of sustainability, not growth” and thus “the term ‘sustainable growth’ implies an impossibility” (1991: 249). Or, put precisely, sustainable economic growth and sustainable development may contradict one another. Whether we agree with Daly’s position or not, the point is that a seemingly innocent formula hides a host of value judgements that might involve contradictions, payoffs and long-term damage to society and the planet. The moral argument for further growth is largely about the need to bring living standards of the poor, especially those in the Global South, up to those in the affluent West. However, the SNP’s proposal to subordinate everything to greater growth in a Western country is more troubling, especially given growing doubts about “trickle down” economics. Curiously, despite rising environmental awareness, concentrated mainly in the Western middle class, a key SNP target group, their economic vision has little to say about the environment. Thus, in a document aiming to sketch Scotland’s 21st century economic future, the word “green” appears only twice, “climate” only once (and even then, it refers to a government department), “environment” never, except in the sense of “competitive

business environment” (Scottish Government, 2013a). A box on the “low-carbon economy” (2013a: 21) mainly refers to the business benefits of developing Scottish technologies in this sector. There are only a few scattered bullet points mentioning 2020 climate targets. Putting aside the ethics, analytically speaking, the Scottish Government's economic imaginary does not admit for conflict between competitive, faster growth and environmental and social justice. I would propose, again, that this rests on implicit value judgements; neoliberal growth comes before competing priorities, or rather becomes (dubiously) the precondition for any rival agenda.

Unsurprisingly, then, the SNP also rejects any trade-off between growth and equity. A key section is headlined, unambiguously, “a competitive economy and a fairer society: two sides of the same coin” (Scottish Government, 2013a: 7). Interestingly, one member of the Scottish Government’s Fiscal Commission Working Group, whose research informed the report, produced a different slant on this same conclusion. Joseph Stiglitz argued on Keynesian grounds that inequality was thwarting the growth of contemporary neoliberal economies by creating chronic instability. Stiglitz’s views on inequality were relegated to “six paragraphs, two tables and a box” in the 222-page report, as Alf Young noted (2013). While his approach does not contradict the statement that a competitive economy and a fairer society are two sides of the same coin, it suggests a different order of priorities to the SNP. Salmond’s team imply that, once Scotland can escape Westminster’s constraints and deliver better growth, greater equity will follow. By contrast, Stiglitz argues that once Scotland can escape the UK model’s constraints and redistribute income, better growth will follow afterwards. Despite the formal similarities, the two arguments imply distinct policy approaches and priorities. As David Torrance observes, “the Nobel Prize-winning economist [Stiglitz] appeared to be, at best, a partial influence [on the SNP’s economic case], for Stiglitz was also a critic of trickle-down theory and the very sort of neoliberal, low tax economics Salmond had advocated for the past two decades” (Torrance, 2013a: 164).

Of course, the SNP’s official narrative was only one side of the broad independence campaign. By contrast to the Westminster mainstream, the independence movement

promoted ideas that purposefully broke with the neoliberal consensus. However, when we turn to economic questions, even more left-wing sections of the official movement like the Green Party promote economic visions that recall the “positive neoliberalism” outlined in chapter 8.

The Green Yes briefing on the economy is striking for its strong, almost overriding emphasis on small business. A whole section, covering the first two pages of an eight-page document, is titled “Small Business Revolution”.

Small businesses are the foundation of our economy. They represent more than ninety percent of Scottish businesses, more than forty percent of private sector jobs and are significantly more likely to be locally owned. They also have stronger links to the local economy and community, recycling more money locally to generate further incomes and more jobs. *These businesses have been ignored for too long by governments who concentrate on enticing multinational companies with short-term tax breaks and who pay little attention to the quality of jobs being created.* Scotland could create an economic revival and thousands of jobs by focussing on rural and urban small business growth (Scottish Green Party, 2014: unpaginated; my italics).

The parallels with the “positive neoliberalism” outlined in Chapter 8 are striking. They become even clearer in the following passage: “Starting a new business requires investment, commitment, knowledge and a bit of luck but the successful start-ups provide high-quality employment for many...Scottish independence can help boost our ambition and tap our creativity and entrepreneurship” (2014: unpaginated). Similarly, the document approaches the question of unemployment in the following terms. “Too many people are needlessly locked out of the jobs market...Sometimes small practical steps such as making the right phone call and asking the right questions can help people get their first job” (2014: unpaginated). This recalls the framework of “social inclusion” and voluntarism that dominated Third Way welfare policy. Last, the final page deals with the question, “where

will the jobs come from?" Everything listed on the page involves private sector initiative. At no stage does the document suggest any further public sector participation in the economy.

Certainly, the document is by no means right-wing. In contrast to its "social inclusion" perspective on unemployment, it also stresses that many people are unable for legitimate reasons to participate in the labour market. This breaks with standard neoliberal thinking where exposure to the market is always a necessary and even liberating experience.

Moreover, a separate document outlines the Green commitment to a Citizen's Income, a policy originally associated with the radical right but now often associated with the radical left. The document also calls for a "living wage". While this policy is not especially radical, and is now allegedly favoured by the Conservative Party, it represented at the time a break from establishment views of austerity. The Green position is broadly cast within the neoliberal mould of an "economy of enterprises". However, it differs in wishing to curb the economy's dominance over all society.

Nonetheless, the Green document is clearly missing many things we would traditionally associate with the working class heritages of socialism and social democracy. Their vision contrasts, for example, with the STUC's documents on Scotland's economic future. Although the STUC has never been a "radical left" force in Scotland, their document states that

There has been near consensus at each of the AJS [A Just Scotland, STUC workshops investigating Scottish independence] events that current economic orthodoxy has led to policy which has undermined the economic security and living standards of workers in Scotland. Privatisation, deregulation (particularly of finance), business tax cuts, attacks on the welfare state, the undermining of workers [sic] bargaining power and of workplace health and safety has not led to a fairer and more prosperous society (STUC, 2012: 7).

The STUC's documents never mention small businesses as problem-free solutions to Scotland's problems. Indeed, their three documents never mention "small business" once. This reflects a longstanding ambivalence to the petit-bourgeoisie in social democracy, since small business owners are often the key supporters of lower wages and reducing "red tape" in the economy.

The Green document, equally, does not draw on the moderate-left position of Joseph Stiglitz, who argued that more equal economies are more stable and thus tend to grow faster. This is not because the Greens are right-wing. On the contrary, they clearly constitute the most left-wing force in official Scottish parliamentary politics. Nonetheless, the small business focus of their document testifies to how successfully neoliberal ideology has removed working class agency from "the economy". It also reflects the way in which a compulsory "positive" approach leads away from a critical perspective. Their position represents a "natural" view of the economy, where only private enterprise can provide growth and initiative, because that view has been constantly reinforced in ideology for several decades. This shows how "economic imaginaries" are not simply illusions. At times they can represent real, coercive structural forces in history.

9.8 Conclusion

This chapter is about momentous political changes that have strong relationships to values and beliefs about the economy. Scottish nationalists have successfully overcome the view that "the economy" represents a barrier to independence, as support for independence has been maintained at above 45 percent since the 2014 referendum. They achieved this under deeply unpromising conditions. We should reinforce how difficult these conditions could have been: the collapse of Scotland's two dominant companies, a UK taxpayer bailout, the collapse of the oil price which traditionally had justified hopes for Scottish public spending. I have sought to emphasise that we must seek explanations for this in the particular aggressiveness of the Conservative and Liberal Democrat coalition's rhetoric and practices.

In turn, that reflects a broader political crisis of the Westminster parliamentary system, and in particular a legitimacy crisis in the Labour Party with roots both in Iraq and the failed debt-based model of neoliberal growth.

However, while the politics of Scotland have changed immeasurably, the SNP has continued to present an economic imaginary that is little changed since 2008. Compared to other protest movements, from Brexit and Donald Trump to Syriza and Jeremy Corbyn, the SNP have continued to outline a cosmopolitan market agenda that fulfils the criteria of “positive neoliberalism”. Their main allies in Scotland, the Scottish Green Party, are certainly to the SNP’s left, but nonetheless focused on the agency of small business in reviving the economy. The leftist politics of social democracy and socialism undoubtedly played a role in the broad radical independence movement of 2014, but there is no evidence yet that it will be a permanent role. Scotland has thus, paradoxically, stood still on questions of class while other societies have experienced dramatic upheavals or rebellions of “left” and “right”. However, Scotland’s ongoing conformity highlights issues of a broader significance. Despite the rhetoric of radicalism in other countries, actually outlining a positive alternative to the neoliberal enterprise society has proved difficult.

Chapter 10: Conclusion

10.1 Introduction

The purpose of my study was to explore the conditions of possibility for the imagination of the Scottish economy. I sought to understand how rival classes, alliances and parties in Scotland have identified, privileged and sought to stabilise some activities from the confused total of all economic activity. This emerged in three phases. In the first, a coalition of interests sought to transfer factory building in “light industry” to cure “blackspots” of unemployment and more broadly to correct Scotland’s heavy industry bias. The second involved a breakdown of “Keynesian” norms designed to manage unemployment. In Scotland, three main issues conditioned the particular national response to that global crisis. Oil broke down the idea of Scotland as a “backward” region in need of assistance; Europe broke down (although did not destroy) the norm of Britain and its Empire as Scotland’s natural trading space; and the old industrial ruling class broke down as an economic leadership on the regional-national scale. Taken together, these issues served to question whether a “Scottish economy” really existed, although this probably *increased* the volume of discourse on the topic. The third phase involved a new stability that cut across Scottish politics. This pictured Scotland’s future as a society of enterprises, extending business philosophy into areas previously untouched by “economics”. Business norms spread across politics, and the capitalist class no longer needed a “voice” in Scottish politics. We may also speak, cautiously, of an emergent new phase. Here, Scottish nationalism takes advantage of Britain-wide austerity to present itself as the best way to preserve the public sector while growing the private sector. However, while drawing on grievances with the old regime’s inequalities, Scottish nationalism’s economics continues with the neoliberal approach by other means.

In this final section I want to cover what the example of Scotland can offer for the theory of the economic imaginary, and what the economic imaginary concept can offer to the

sociology of Scotland. I will then reflect on study's limits and problems, and suggest some implications of the research.

10.2 Relationship to Previous Research

10.2.1 How the Concept Contributes to the Sociology of Scotland

Popular interest in the Scottish economy has been high in recent years. The topic dominated the independence referendum of 2014, played a significant role in the Brexit referendum of 2016, and will continue to be a divisive and perhaps decisive issue in Britain's constitutional future. Nonetheless, a search of Google Scholar suggests that few researchers in the critical tradition have contributed on the topic. The few studies that have emerged have come from the field of Economic and Social History. Jim Tomlinson (2014) has perhaps conducted the closest studies to this research, and even borrowed from Benedict Anderson to construct a short article on "imagining" the Scottish economy. Jim Phillips' (2005; 2008; 2013) research has drawn on similar themes. Sociologists have, admittedly, paid new attention to the impact of physical and economic planning in post-War Scotland and its counterintuitive links to neoliberal policies (Collins and Levitt, 2016). However, most studies of Scotland's economy come from within the fields of business studies and economics, and appear in official journals that reflect these concepts like the *Fraser of Allendar's Economic Commentary*. These studies seldom cite the Sociological tradition or other traditions of social science, and instead largely deal with issues of measurement in terms defined by the discipline and by the needs of government. This may result in heated political debate, particularly over the issues highlighted elsewhere in this study, such as the legitimacy of GERS. Nonetheless, direct sociological or even political-economic contributions on these questions are rare.

Why has this deeply political topic been neglected? One issue is that we have lacked the conceptual nuances we need to engage on the subject. The economy often appears as the cause of changes happening elsewhere, as the *explanans* rather than the *explanandum*. One

understandable reason for this is that “the economy” can have “real”, even as it were “physical”, effects that both exist independently of concepts and forms the condition for them. The objective demands of expanding capitalist industry, for example, helped to generalise our modern idea of “the nation”, and how actors imagined the economy is perhaps less important here than the objective “demands” of competition. Thus, Marxist sociologists have been especially wary of conceding the partly-constructed nature of the economy, which some see as justifying sociology’s “retreat from class analysis” (e.g. Wood, 1998). However, in the decades after 1989, the idea of a naturalistic economy that “does things” to society characterised globalisation studies rather than Marxism. That era of scholarship, with Giddens being a prime example, tended away from the Marxist tradition of political emancipation and more towards the resigned acceptance of economic change. Indeed, at its worst, this naturalistic idea of the economy helped move sociology away from analysis of work, with claims that capitalism had surpassed wage labour in a new era of middle class flexibility. Although journals like *Work, Employment and Society* continued to provide concrete analysis, the wave of generalisations about the inevitable transition to a new social order came to outweigh more careful approaches. Here, a naturalistic approach to the economy is undoubtedly aiding the retreat from class analysis. Nonetheless, the suspicion of something specifically “soft” about cultural political economy persists.

Another problem has been the disciplinary boundaries surrounding Economics. Although Sociology’s origins are bound up with questions surrounding the causes and effects of economic change, recent trends have taken the discipline away from these topics. Sociology has increasingly specialised in fields of social life without an established discipline, especially inequalities of race, gender and national identity. Training in economic concepts rarely features in undergraduate Sociology, and thus many Sociologists enter postgraduate research with little facility in the behaviour of businesses or of the capitalist economy. The sub-field of economic sociology, by contrast, has often left neoclassical economics unchallenged, and amounted to a “polite plea for acceptance” from the discipline of Economics. Aside from the fringes of Marxist scholarship, actor-network theory is arguably

alone in offering fundamental critique of economics from within the discipline of sociology (MacKenzie, 2006; MacKenzie, 2009; Callon, 1998).

The problem in Scotland thus reflects a broader issue. Sociology has been crucial in breaking-down established, taken-for-granted, “common sense” ideas that help reproduce inequalities as inevitable. Terms like race, ethnicity, nation, sex, gender, Man, crime, deviance, art, culture, civilisation, wilderness, defence, expert, and science face routine criticism for their hidden assumptions in first year sociology courses. Perhaps the main critical stance is to explain that concepts assumed to be timeless have in fact a definite history, normally dating from the dawn of capitalist modernity in the eighteenth and nineteenth century. That point is doubly true of “the economy”. However, for various reasons, sociology in general seems less attuned to the recent origins and contestable nature of this concept.

Jessop’s approach to cultural political economy and his contrast between the economic imaginary and the actually existing economy offers one avenue for renewing this project of critical sociology. It allows us to study how actors have identified, privileged and sought to stabilise some economic activities at the expense of others without denying the effect of economic forces on society. It allows us to explore the battle of meaning over the economy as central to the battle for hegemony, and how crises regularly transform dominant alliances and assumptions. Cultural political economy, according to Jessop’s main collaborator Sum (2016), draws particularly from the ideas of Marx, Gramsci and Foucault. However, the ideas of Weber, Durkheim and Simmel – not to mention Schumpeter and Polanyi – could also prove useful starting points for such a project. It thus presents an opportunity for reinvigorating the sociology of Scotland on the topic that has been crucial to recent Scottish history. It can provide the conceptual clarity we need to renew empirical work.

The main social science data stream on the referendum and its economic questions came from the ESRC-funded *What Scotland Thinks* project. Presented as a blog, and dominated by

John Curtice's research, the project had the advantage of daily proximity to political debate and public opinion, which explains its strong focus on "the economy" compared to much academic sociology. It featured regular polls on issues of whether parties and individuals are "trusted" on the economy, or whether voters believed that independence would improve the Scottish economy. These stories in turn influenced news media, and I have drawn on Curtis's research on these topics for this study. However, such large-scale survey research has distinctive downsides that reinforce the need for work in the critical theory tradition. In particular, the research assumes the idea of "the Scottish economy" as presented in the news media rather than offering a historical account of the roots of that concept. This can serve critical functions to an extent. For example, where politicians claim that another leader is "not trusted on the economy", Curtice's approach can measure what voters actually believe on the topic. However, these questions can only test the use of established concepts: they cannot show how these concepts emerged. This highlights why we need constant feedback between large-scale survey research and deep qualitative analysis of how ideas emerge and become natural.

10.2.2 What the Scottish Case Offers for Cultural Political Economy

Relatively few studies have tried to use Jessop's distinction in a practical, empirical sense. There are only a few exceptions, like Jessop's co-written study of Belgium (Jessop and Oosterlynck, 2008), one study of Central Wales (Heley, Gardner et al., 2012), two studies of the imaginary of the green economy (Levy and Spicer, 2013; Wittneben, Okereke et al., 2012), and one piece of research on the morality of austerity (Clarke, 2014). What does the case of Scotland, as developed here, offer for the theory?

Scotland, first, offers some interesting exceptions to general assumptions about political economy. A particular reference point for Jessop and his school is the post-War consensus around Fordism, a term which only marginally covers the behaviour of Scottish business. The "American" norms of high wages, a mass consumer economy, and assembly line work

emerged in Scotland, if at all, by the actions of state managers, corporatist coalitions and inward investors. Scotland thus had some of the qualities of “peripheral Fordism”, although, unlike the economies of Southern Europe and Ireland, Scotland had an already urban, industrialised economy with a politically dominant industrial bourgeoisie.

Second, one central idea in geographical approaches to regulation theory is that the decline of the nation state brings about a new variety of scales of statehood and economic management. Scotland both highlights the trend and suggests an exception to it. Raymond Williams notes that the modern idea of the region at first meant an incomplete centralisation, as when nineteenth century critics dismissed the “unfortunate ‘regionalism’ of Italy” (1985: 265). However, unlike the term “provincial”, the word regional can imply something positive: the defence of a particular way of life against metropolitan dominance. Regional economic policy seems to contain this contradiction. Its early phase sought to correct “black spots” in the national economy from the centre to ensure that growth worked harmoniously for the whole national unit. Within a Keynesian approach, we can see this as correcting an “incomplete centralisation”. However, eventually this gave rise to a critique of centralism as economic power migrated to London. The modern discourse of the region increasingly stresses self-reliance and distinctiveness. However, it does so crucially within spaces defined by the growing mobility and power of multi-national corporations and financial interests. This incurred specific costs on Scotland’s economy, and, crucially, unlike more abstract regions like North East England, Scotland possessed a national consciousness to group opposition around. Defending the economy became a process of “national defence”, often led by the trade unions and the Labour Party. This allowed the idea of Scotland as an economic unit to grow even as the objective forces behind the traditionally distinct “Scottish economy” declined. In recent decades, defending the Scottish economy turned into *improving* the Scottish economy, and Scottish political forces pursued this agenda using the models and concepts surrounding them. Thus a relationship developed between the passions of nationalism and the seemingly dispassionate business of improving the economy, increasingly framed by the equation of responsible citizenship and enterprise.

The processes that elsewhere downgraded the national economy for localities, regions and transnational entities led in Scotland to a growing acceptance of Scotland as a national economy. It is important to correct an exaggerated idea that the discourse of European regions in the 1990s always served to downgrade nation states. This only partly covers the reality. Another side is that smaller nations believed that old power centres like London, Paris, and Rome were of declining importance, and that nimbler units could compete more effectively in the niches of open trading spaces. In Scotland, this led to two main philosophies of government. For the mainstream represented by Scottish New Labour, British devolution reflected the new world in which national economic management mattered less than public-private coalition at multiple levels of government. For Scottish nationalists, devolution was incomplete. They sought to prove the continuing relevance of national economic “powers” by citing the case of low tax, competitive small economies in Europe. Both factions also shared many assumptions: for example, that Scotland’s problem stemmed from a weak culture of enterprise reflecting a centralised culture, and that public policy should prepare citizens to flexibly adapt to the changes demanded by “globalisation”.

Scotland’s apparent exception to broad trends have sometimes been exaggerated. For example, Scotland continued to vote for parties associated with centre-left or social democratic traditions, leading many to conclude that Scotland has a distinct “radical tradition” (cf. Gall, 2005). However, the end goals of centre-left parties had fundamentally changed in the 1990s under the influence of new neoliberal norms. In social democracy, the broad rationale of public policy was to provide the social majority with the basic means – education, health, housing – to assert their political dominance as a class. Labour’s Clause IV – written by the Fabian Sidney Webb – went further to argue for the final working class takeover of production. Although that goal had a limited impact on practical Labour policy, social democracy did seek to tame capitalism and compensate those who lost out in its development, and became the main form of working class politics. By the 1990s, these goals of collective power had largely been abandoned. The goal was to give individuals the tools to borrow, take a stake in housing markets and the share economy and cater for their own

upward mobility, “flexing” according to changes in world markets. Scotland’s politics followed that trend with few exceptions.

A last issue concerns what Scotland can contribute to a political economy of what follows 2008. Jessop suggested that a post-neoliberal pact would likely take the form of a “Green New Deal”, and rival forces would compete over how to implement such a system (Jessop, 2013: 27-9). However, this paradigm, whether in neo-liberal, authoritarian or socialist terms, has failed to cohere as a dominant theme since 2008. Instead, politics has taken the form of “populist” reactions against the symptoms of the settlement that dominated in the 1990s and 2000s. These have come in left-wing varieties, particularly in Southern Europe but also in traditional power centres with Jeremy Corbyn’s movement in Labour and Bernie Sanders in the American Democrats. However, nativist, anti-immigrant populism has had a greater impact. Donald Trump, the British “Brexit” movement, and Marine Le Pen are among the most familiar cases, but the trend extends further. These right-wing movements have often challenged the institutions associated with neoliberalism. Wall Street, open borders, the intimate link between big business and politics, wage stagnation, secretive trade treaties and inequality have been among its main targets. This distances this politics from the neoliberal centre-ground of previous decades. Moreover, right-wing populist politics draws on the discontent of working class communities like the American “rust belt”, areas previously seen as reflexively centre-left. It has ruthlessly exploited the turn of traditional social democratic parties to “professional” voters and an associated cultural politics of liberal inclusion. However, the new populism is distinct from fascism, since it rarely deploys street forces or violence and relies instead on media-friendly leadership and “tough talk”. Taken together, this new reaction has become one likely direction away from neoliberalism, and a result is that centre-left forces often cling to institutions like the European Union which stand for market openness.

Scotland’s current phase of nationalism belongs among these forces, but occupies an ideological sub-category of its own. It draws on discontent with the symptoms of inequality and grievances with a social democratic party acclimatised to neoliberalism. Communities

with high levels of deprivation that lost traditional heavy industries in recent decades have been among the most “elastic” voting groups in moving towards the SNP and independence. As with elsewhere, it had been assumed that such communities had a fixed, frozen relationship with social democracy that now appears questionable. It thus follows a trend elsewhere, where traditional alliances between social democratic parties, intellectuals and working class communities have been unglued. Scottish nationalists have also attacked the authority and impartiality of economic “experts” who predict that their policies will lead to disaster. They draw effectively on social media and the new populist rhetoric in escaping the control filters of old-fashioned news agendas. However, unlike the trends elsewhere, the SNP belongs neither to the radical left nor the radical right: it neither proposes more controls on capital nor more controls on immigration. Moreover, the SNP leadership has only tepidly addressed green economic issues, and has regularly missed its own modest carbon targets without unrest among its supporters. The SNP therefore draw on anger with the symptoms of positive neoliberalism while proposing to renew the same policies (open markets, secretive trade agreements, competitiveness) through nationalist means. They play to both sides: to middle class unease at Brexit-style Tory populism, and to popular discontent with austerity, low wages and the Labour Party’s “establishment” politics. It occupies a distinct position as a “radical centrist” form of populism that, economically, offers continuity with the consensus policies from before 2008.

10.3 Limitations and Criticisms

I have sought to study the main conditions of possibility that allow us to speak of the Scottish economy in its contemporary sense. However, I have not exhausted every possible angle on the topic. I selected the themes – regional policy, oil and public spending, etc. – both because they seemed intrinsic to Scotland’s economy and because they receive comparatively little attention in sociology. Admittedly, any one individual theme could take up a whole PhD, and this study could have concentrated simply on the multiple impacts of oil or Europe individually on Scotland’s imagined economy. Moreover, other themes, like race, gender and climate change, are equally inherent to how the Scottish economy has been

imagined, and I have addressed them only indirectly. I could also have devoted greater attention to the theme of finance, and, indeed, I first conceived the project as a study of financialisation. I decided against this when I discovered that Scottish discourse had very little to say on the topic even as Scottish banks rose to become world leaders in the period of devolution. I was then forced to explain the “non-discourse” of finance. This gave me the impetus to ask what themes *had* dominated Scottish economic discourse in place of financialisation.

My rationale was to examine the period between two crises, the 1970s crisis and the crash of 2007/8. Drawing on regulation theory (Jenson, 1989), I supposed that crises would be periods of rapid change in the alliances, ideas and accepted norms that form our imagination of the economy. The themes that dominate this research reflect this starting point. The 1970s brought about a new period in Scottish, British and world history in which “the economy” took on new meanings and a new sense of inevitability. The optimism of that “neoliberal” period seems receded after 2008, although alternative avenues of policy are largely emerging from the radical right as of 2016.

This research concentrated on one case study – Scotland – and could perhaps have benefitted from greater use of comparison with other cases. Although I have drawn on comparisons throughout at various stages, the method of comparison did not form a systematic part of the study. This partly reflects the ontology and epistemology I used for this study, critical realism. Researchers in this tradition usually favour a *retroductive* mode of inference between data and concepts (Danermark, Ekstrom et al., 2002: 206; Blaikie, 2007: 3) and an *intensive* research design (Sayer, 2000: 242-4). These choices lead to a preference for in-depth studies of one case that allows for testing of concepts. My study thus draws extensively on general ideas and secondary research and uses Scotland to test and if necessary modify these generalisations. Researchers in other traditions might find comparison a better tool, but this choice also imposes consequences, such as a less intensive study of individual cases.

A last problem might be my own role in the research, particularly because I have been politically involved in Scottish politics especially in the movement for Scottish independence. On impartiality in general, I would echo the view of Zygmunt Bauman:

There is no choice between an “engaged” and “neutral” way of doing sociology. A non-committal sociology is an impossibility. Seeking a morally neutral stance among the many brands of sociology practised today, stretching all the way from the outspokenly libertarian to the staunchly communitarian, would be a vain effort. Sociologists may deny or forget the “worldview” effects of their work, and the impact of that view on human singular or joint actions, only at the expense of forfeiting that responsibility of choice which every other human being faces daily. The job of sociology is to see to it that the choices are genuinely free, and that they remain so, increasingly so, for the duration of humanity (Bauman, 2000: 89).

I have nonetheless tried to present the problems in both “nationalist” and “unionist” versions of the economy and to highlight problems in leftist narratives. If the latter seems underdeveloped, I believe this reflects my general purpose in concentrating on “top down” perspectives rather than an unwillingness to undergo self-criticism. One important point I grant, however, is that political involvement allows “access” to discourse that remain hidden from the official public narrative. For example, during the referendum I gained a degree of “ethnographical” access to the independence campaign. This undoubtedly shaped my perspective in both positive and negative respects.

10.4 Implications

The idea of Scotland’s economy has a recent history, and during that history it has taken on multiple meanings and embodied changing class relationships. Post-War approaches to the

Scottish economy tended to focus in a limited way upon “black spots” of unemployment, consistent with the welfare politics of the period. A fully developed idea of Scotland as a regional economy emerged in the 1960s, and an apparatus to govern the Scottish economy only emerged in the 1970s. Scotland’s economy did not emerge as an object of discourse because “objective” facts demanded it. Indeed, one reasonable conclusion is that a discourse of a distinct Scottish economy emerged partly *because* its traditionally distinct features had begun to collapse. The general point here, highlighted by Scotland, is that economic imaginaries have distinct histories that do not always match up with the “actual” economy. The economic imaginary’s history has a two-way influence on and relative autonomy from the real behaviour of businesses, governments and parties. Sociologists could legitimately study how changes in these distinct structures impact on the “path” of social development.

The Scottish economy is a contested object. Different classes and parties have imagined the economy for their own purposes, and the ideas and alliances dominating the economic imagination can vary to radical extents in time and space. This applies even to how experts measure Scotland’s economy, a fact that is easiest to demonstrate with reference to the lasting debates about the history of Scottish public finance and offshore oil. As nationalism becomes a dominant force in Scottish politics, a new narrative about these questions might emerge. GERS, the main tool for measuring Scotland’s finances, began as a Conservative tool against the movement for Scottish devolution. Changes in GERS methodology and presentation coincided with the growing power of nationalism in the Scottish Parliament. I do not argue, of course, that these discursive questions exist independently from the real economy. However, in debates economic narration often proves more decisive than the economic “facts”, and the problems in guiding economic norms only appear openly in a crisis. In Scotland, the debates concern a hypothetical future, and while models offer a guide, only independence itself can truly test the assumptions. Nonetheless, public belief in or scepticism towards these models will partly determine whether Scotland becomes independent.

However, the idea of the Scottish economy often captures a consensus of values too, and here we should be equally sceptical. The idea of “Europe”, for instance, as a timeless feature of Scottish national culture is shared to some degree across most of Scottish politics. This judgement confuses a recent historical turn in Scotland’s political economy for an enduring feature of Scottish consciousness.

I have tried to show the numerous ways in which class agency takes an institutional form and often appears invisible. The weakness of working class agency in the 1990s was not a natural trend but – in part at least – a result of violent confrontations in industry and legal victories against trade unions won under Thatcher. We might recall Marx’s points about primitive accumulation and his critique of liberals who see wage labour as a feature of the human condition when in fact it reflected the violent removal of people from the land. The docile worker and the entrepreneurial self of the 1990s also had important preconditions. In Scotland, the weakness of workplace activism has been paralleled by the decline of “capitalist” politics as the traditional spokespeople of that class declined in both political and economic terms. The imagination of Scotland under devolution focused on the political battleground for voters regarded as liable to “swing” between parties, and often even more narrowly on upwardly mobile professionals. However, mirroring trends elsewhere, I believe we are seeing a renewal of class agency from the top and the bottom. In Scotland during the referendum, I argued in Chapter 9 that we saw the power of capital in terms of their power to “exit” if the result proved unfavourable to them. We have also witnessed the working class taking revenge against the “establishment” form of social democratic politics, a trend that applies across the developed world after 2008. An unfortunate political consequence of this is the breakdown of what Eric Hobsbawm called the “alliance between workers and intellectuals” (1979: 217) that has been pivotal to mass left-wing politics. With the debt economy of the 1990s and 2000s collapsed, it might be harder to imagine an inevitable future of “middle class” values and living standards for everyone. Instead, given the rise of the “gig economy”, automation and job insecurity, it might make more sense to imagine professionals drawn into an expanding precarious working class in the Global North. This

may help revive the imagination of radical working class politics, but there are no guarantees.

My hope is that we can begin to develop a distinction between the economy and “the economy”, whether in Jessop’s terms or not, just as we distinguish between sex and gender or “race” and racialisation. By writing the history of and background to a concept in one location, I have provided a model that others can draw upon, critique and use as a starting point for such a project.

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